



BOARD OF DIRECTORS
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May 6, 2016

Ms. Christina Zacharuk
President and CEO
Public Sector Employers' Council Secretariat
Suite 210, 880 Douglas Street
Victoria, BC
V8W 2B7

Dear Ms. Zacharuk:

Further to the Public Sector Executive Compensation Reporting Guidelines issued in February 2016 please find attached the Statement of Executive Compensation covering the fiscal 2015 period for WorkSafeBC.

According to the Disclosure Checklist provided, this submission covers the completed Excel spreadsheet template provided by PSEC and the Summary Compensation Statement including the Compensation Philosophy developed by the Board of Directors for WorkSafeBC.

To complete this filing in accordance with the direction received, I provide an attestation to the following:

- The Board of Directors is aware of the executive compensation paid in the prior fiscal year.
- The compensation information being disclosed is accurate and includes all compensation paid by the WorkSafeBC, foundations, subsidiaries, or any other organization related to or associated with WorkSafeBC. It also includes the value of any pre or post-employment payments made during the 12 month period before or after the term of employment.
- The compensation provided to this group was within approved compensation plans and complied with these guidelines.

Should you have any questions regarding the details contained in the submission I would ask that you contact Larry Gregg, Director of People Services at 604 231-8416. Should you have any other questions, I would be happy to assist you.

Yours sincerely,

John Beckett
Chair, WorkSafeBC Board of Directors

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Statement of Executive Compensation

Submitted by WorkSafeBC

Period Covered: 2015

Compensation Discussion and Analysis

The Board of Directors, under its Terms of Reference, is responsible for compensation plans for the executive levels positions within the organization. It also reviews decisions made by the CEO on the salary plan established for the management group within the organization.

To set out its direction in these matters, the Board of Directors established a Management and Executive Compensation Policy, discussed below. The roles and responsibilities of the Human Resources and Compensation Committee of the Board of Directors are outlined in the Board of Director's Manual.

The Compensation Policy outlines the statements of intention for the Board in establishing compensation for the groups involved. To accomplish this goal the Board embraces the following directions:

- Base salaries will be competitive with salaries offered to comparable positions in other relevant organizations.
- Salary scales will reflect each job's value to the organization and ensure that salary levels are internally equitable and consistent within and across functions.
- Where appropriate, salary policy will reward individual employees for performance, skills and behaviours that are important to the organization's success.

The Policy also identifies the target level of compensation for the organization and the comparison approach to be used by the Board of Directors. The policy targets the 50th percentile of a market defined by the following:

- Other Workers' Compensation Boards, as selected by the Board of Directors
- Other B.C. Crown Corporations, as selected by the Board of Directors
- Any other relevant comparison group(s), as selected by the Board of Directors

The other relevant comparison groups have been determined to be the Provincial Private Sector, the National Public Sector and the National Insurance Sector. These groups were selected as being key recruitment pools for the organization in filling its executive and management level positions. The comparison is undertaken by a third party consulting firm with expertise in job and market comparisons. The job descriptions for the positions are provided to the consultant who then evaluates the legitimacy of the comparisons with available information. To date for its three most recent surveys WorkSafeBC has employed the services of Towers Watson to conduct the survey and to formulate the results for the consideration of the Board of Directors and for independent validity checks by the PSEC.

Salary and Holdback Determination

Salary Progression and holdback reviews are conducted once a year. Once the compensation plan is accepted by PSEC, movement within the approved salary range is managed by the CEO and Board of Directors depending on the reporting relationship as outlined in the Term of Reference document defining the supervision role and responsibility of the position. The CEO is responsible for movement of the Vice Presidents while the Board of Directors would maintain sole discretion over the movements within the approved range for the CEO.

The annual holdback review process begins with the incumbent in the position providing their own evaluation of their performance in both the objective areas covered in their performance measures and personal development goals created in partnership with their subjective personal growth component of their development plan. Once these evaluations are completed, the supervisor will then provide their own evaluation of the performance of each individual executive member. In the case of the Vice President position, that supervisor is the CEO (in consultation with the Board of Directors). In the case of the CEO, the individual members of the Board of Directors are polled, in written form, regarding the observed performance of the CEO in the measurement period. This review is undertaken in the first month of the following year. Individual evaluations are made and performance indices created to determine the magnitude, if any, of the release of the holdback amount in light of the achievement of the stated objectives in the measurement period. It is also at this point where the measures for the year ahead are developed and communicated to the executive involved.

Salaries

In July 2012, the Minister of Finance announced new guidelines to cover Executive Compensation at Crown Corporations. There were a number of provisions in those guidelines and each Crown Corporation was required to file a compliance plan with PSEC and to have that plan approved by the Minister of Finance by the end of 2012. WorkSafeBC filed its compliance with PSEC and received approval for the plan from the Minister of Finance in November 2012.

The three major changes which impacted the compensation mix paid at WorkSafeBC were as follows:

1. There was to be an elimination of bonus structures paid to executives in favor of a holdback of up to 20% of the new salary established for the position under the calculation mechanism contained in the guidelines.
2. A new salary was to be created which was based on the previous base salary and the average bonus paid to the position in the preceding four years. Accordingly the new salary was not an increase in compensation but rather a realignment of existing compensation. The holdback would be taken from this new amount.
3. The previous recruitment and retention bonuses in place would have to be ended with the implementation of the new salary/holdback model.

To comply with the changes, WorkSafeBC converted the existing compensation mix, using the prescribed calculation, to create the new salary. The Board of Directors then decided that the plan would have a 10% holdback amount and developed its new compensation structure based on this approach. Lastly, with the implementation of this model, WorkSafeBC ended its retention bonuses and paid out any outstanding balances previously earned to those affected staff. The compliance plan

submitted and subsequently approved by the Minister saw these changes implemented as of January 1, 2013 so this report covers the third year under the new compensation structure.

The Board of Directors has implemented the compliance plan for the executive positions within WorkSafeBC at the levels approved by the Minister of Finance. Effective January 1, 2013, the compensation plans for the affected positions are as follows:

President and CEO

The new compensation plan for the incumbent had a salary of \$350,892 plus a 10% holdback of \$38,988 making for a maximum total salary of \$389,880.

The compliance plan also called for the creation of a new compensation plan, set 10% below the existing incumbent, for the position. This rate would be effective for any new hire after July 25, 2012. Using the mechanism established under the guidelines, the new plan was approved with a salary of \$315,803 plus a 10% holdback of \$35,089 making for a maximum total salary of \$350,892. The new incumbent to this position appointed on December 1, 2014 was hired to this reduced maximum salary.

Senior Vice President Level

The new compensation plan for the incumbent has a salary of \$265,320 plus a 10% holdback of \$29,480 making for a maximum total salary of \$294,800.

The compliance plan also called for the creation of a new compensation plan, set 10% below the existing incumbent, for the position. This rate would be effective for any new hire after July 25, 2012. Using the mechanism established under the guidelines, the new plan was approved with a salary of \$238,788 plus a 10% holdback of \$26,532 making for a maximum total salary of \$265,320. The new incumbent to this range appointed on December 1, 2014 was hired to this reduced maximum salary.

Vice President Level

The new compensation plan for the incumbent has a salary of \$229,140 plus a 10% holdback of \$25,460 making for a maximum total salary of \$254,600.

The compliance plan also called for the creation of a new compensation plan, set 10% below the existing incumbent, for the position. This rate would be effective for any new hire after July 25, 2012. Using the mechanism established under the guidelines, the new plan was approved with a salary of \$206,226 plus a 10% holdback of \$22,914 making for a maximum total salary of \$229,140. There are three incumbents hired after July 25, 2012 paid at the reduced maximum salary level.

Benefits

The benefits provided to the Executive levels positions are in most part identical to those received by the management group within WorkSafeBC. In a number of the benefit categories the levels are identical to those provided to the bargaining unit employees at WorkSafeBC.

The package contains the following components found in most benefit packages:

- Basic health coverage
- Extended health coverage
- Dental coverage
- Group life insurance
- LTD / AD&D
- Vacation Provisions

As part of this standard coverage, the executive group is part of the YourChoice flexible benefit plan program. This program provides a dollar value of benefits to managers who then may make selections of custom benefit packages which provide them more value based on their life position (single/married, children, spousal coverages) while not incurring an additional cost to organization as the funds available are capped at the standard benefit level.

The executive staff are also entitled to participate in a long service deferred compensation program which covers all employees at WorkSafeBC. This plan has been in place since prior to 1974 and the last change to the accrual model was in 1980. As a standalone employer WorkSafeBC has a number of people who move from bargaining unit to management and management to executive level positions so the plan is designed to cover everyone so there is no disincentive to movement from one level to another. The rate of accrual is:

**Completed Years of
Continuous Service Payment**

10–14 years:

Four (4) weeks' salary plus twenty percent (20%) of four (4) weeks' salary for each year completed in the following period after ten (10) years' service.

15–19 years:

Eight (8) weeks' salary plus twenty percent (20%) of four (4) weeks' salary for each year completed in the following period after fifteen (15) years of service.

20–24 years:

Twelve (12) weeks' salary plus twenty percent (20%) of four (4) weeks' salary for each year completed in the following period after twenty (20) years of service.

25 years or more:

Sixteen (16) weeks' salary.

The executive staff is also covered for the WorkSafeBC Superannuation Plan, which is a registered defined benefit plan and a supplemental pension plan to provide benefits in excess of the *Income Tax Act* maximums. In addition, executives listed in this disclosure are able to purchase additional service in certain circumstances and to defined limits. This purchase is elective and in 2015 one of the individuals listed chose to purchase an additional year of service from after tax dollars.

There are two additional benefit components that are only available to those within the executive group. These two benefits are:

- A monthly car allowance of \$625/month.
- An annual health care spending account of up to \$ 3,126/year, which can be used to cover expenses over and above what is outlined in benefit coverage.

Compensation Summary Table

The following is for 2015:

Name and Principal Position (a)	Salary (\$) (b)	Holdback Paid (\$) (c)	Benefits (\$) (d)	Pension (\$) (e)	All Other Compensation (\$) (expanded below)	Total (\$) (2015)	Previous Year Totals (2014)	Previous Year Totals (2013)
Diana Miles, CEO##	\$315,803	\$35,089	\$8,892	\$36,938	\$10,625	\$407,347	\$199,172	
Brian Erickson, CFO	\$265,320	\$23,584	\$16,183	\$30,905	\$10,126	\$346,118	\$350,499	\$347,314
Roberta Ellis, VP	\$265,320	\$23,584	\$14,724	\$31,123	\$12,085	\$346,836	\$351,217	\$347,424
Diana Miles, VP###	\$0	\$0	\$0	\$0	\$0	\$0	\$174,700	\$342,260
Trevor Alexander, VP####	\$238,788	\$21,226	\$17,684	\$27,471	\$7,500	\$312,669	\$311,659	
Edward Bates QC, VP^	\$156,873	\$13,579	\$5,160	n/a+	\$207,665	\$383,227	\$272,408	\$274,473
Ian Shaw, VP^^	\$157,811	\$13,748	\$9,992	\$16,316	\$8,263	\$206,130		

- Assumed Acting Role on July 1, 2014 and appointed permanently on December 1, 2014

- Assumed Acting CEO position on July 1, 2014

- Assumed Acting role on July 1, 2014 and appointed permanently on December 1, 2014

^ - Retired effective August 31, 2015

^^ - Hired April 1, 2015

+ - incumbent has exceeded maximum years of pension contributions therefore no employer contribution is required.

Name and Principal Position (a)	All Other Compensation (\$) (i)	Severance (f)	Vacation Payout (g)	Leave Payout (h)	Vehicle / Transportation Allowance (l)	Perquisites / other Allowances (j)	Other (k)
Diana Miles, CEO	\$10,625				\$7,500		\$3,125
Brian Erickson, CFO	\$10,126				\$7,500		\$2,626
Roberta Ellis, VP	\$12,085		\$1,459		\$7,500		\$3,126
Trevor Alexander, VP	\$7,500				\$7,500		
Edward Bates, QC, VP^	\$207,665		\$100,147	\$100,977	\$4,327		\$2,214
Ian Shaw, VP^^	\$8,263				\$5,937		\$2,326

(d) – figures shown include the following employer paid benefits:

- Basic Medical (taxable)
- Life Insurance (taxable)
- Extended Health and Dental (non- taxable)
- BAD/D (non-taxable)
- LTD Premiums (non-taxable)
- EI and CPP

(e) – Amounts shown indicate the employer's contribution to the WCB Superannuation plan.

(g) – Amounts shown are pay outs of unused vacation at either end of year unused balance or end of employment/retirement banked balances

(h) - Amount show is payments arising out of Long Service Deferred Program (\$75,753) and Frozen Sick Leave Bank (\$25,224) made at retirement

(i) – Amount shown is for Car Allowance of \$625/month

(k) – Amount shown is for Health Care Spending Account of up to \$3,126/year (actual varies based on usage)

Strategic Foundations of WorkSafeBC

WorkSafeBC (the Workers' Compensation Board of British Columbia) is a statutory agency governed by a board of directors appointed by the provincial government. We provide coverage to 2.26 million workers and more than 225,000 registered employers throughout B.C., and are funded through insurance

premiums paid by employers and investment returns. In administering the *Workers Compensation Act*, WorkSafeBC is accountable to the public through the provincial government, which is responsible for protecting and maintaining the overall well-being of the workers' compensation system.

Our vision

British Columbians free from workplace injury, disease, and death

Priorities of the Board of Directors

- Eliminate serious injury and death in the workplace
- Improve return-to-work outcomes and prevent avoidable disability
- Maintain an effectively operating business
- Maintain a system with long-term sustainability that contributes to the societal benefits envisaged by the historic compromise
- Respond effectively to changing social and economic realities

Shared values

As an organization and as individuals, we make decisions and take action based on these values:

Service

Making a difference one human being at a time

Integrity

Doing the right thing

Accountability

Being open and transparent

Partnership

Collaborating for success

Innovation

Challenging complacency

Our mission

- Champion safe and healthy workplaces
- Save lives and prevent injury and disability
- Deliver outstanding service to workers and employers
- Provide and support excellent medical and rehabilitative care to workers
- Preserve the financial integrity and sustainability of the system
- Learn, lead, and share

Our goals

1. Foster the improvement of occupational health and safety in workplaces and communities
- 2.a. Improve service to stakeholders — improve return-to-work outcomes, disability prevention, overall customer service, accessibility, and public confidence
- b. Improve service to stakeholders — improve adjudicative decision making throughout the organization, ensuring stakeholders receive their full legal entitlements
3. Maintain the cost-effectiveness and accountability of the services WorkSafeBC delivers
4. Maintain financial security, sustainability, and stability

Board of Directors

Compensation Philosophy

Introduction

The Board of Directors (BOD), under its Terms of Reference, are responsible for the compensation structures for the executive level positions within WorkSafeBC (WSBC). The BOD also is responsible for the review and approval of changes proposed to the compensation plans for the management group within the organization. To guide these decisions the BOD has established this Compensation Philosophy to provide transparency and accountability to the process.

Objectives

Within the BOD's guiding principles of managing the resources of WSBC, the objectives set for the compensation philosophy are:

- To meet its mandates, WSBC must develop and retain staff with the skills, experience and knowledge required to achieve the goals and objectives established by the BOD;
- WSBC must be able to attract highly qualified individuals to join the organization to allow for current and future needs to be met; and
- The compensation plan must be designed in a way which is fully aligned with the goals and objectives of WSBC to create the high performance culture required to meet these objectives.

Guiding Principles

These principles are meant to set the parameters for the creation and maintenance of compensation plans for executive and management staff at WSBC:

- Base salaries will be competitive with salaries offered to comparable positions in other relevant organizations;
- Salary scales will reflect each job's value to the organization and ensure that salary levels are internally equitable and consistent within and across functions;
- Where appropriate, salary policy will reward individual employees for performance, skills and behaviours that are important to the organization's success;
- The salaries should neither lead nor lag the appropriate comparison groups. The target for comparison should be the 50th percentile of the comparator group.

Administration

Comparison Groups

To fulfill the guiding principles, the BOD has established the comparison groups for WSBC as the following:

- Other Workers' Compensation Boards, as selected by the Board of Directors;
- Other B.C. Crown Corporations, as selected by the Board of Directors; and
- Any other relevant comparison group(s), as selected by the Board of Directors.

The BOD recognized that the most appropriate comparisons come from the looking at the sectors where WSBC loses employees to and where WSBC recruits employees from. Given the diverse nature of positions at WSBC these pools may differ across the organization. Given these facts, in general, other relevant comparison groups will include the National Public Sector, the National Insurance Sector and the Provincial Private Sector. For corporate service type roles, the BC Public Service is used as a comparator. The Private sector comparisons are used where there are cases of high demand talent.

Ongoing Review

To facilitate the administration of this philosophy, when directed, WSBC will retain a third party with specific expertise in the area of compensation surveys and plan development to conduct reviews of the relevant comparators to make sure that the principles of this philosophy are met.

The BOD will review existing compensation plans as a standing item on its annual agenda.

Progression

Once it is established, any movement through an approved salary range will occur only where justified by performance. A current performance evaluation showing the required levels of performance to justify such movement must be provided and reviewed before any movements are approved, in accordance with the Salary Administration Guidelines.