



Our Ref: 344284

June 29, 2015

SENT BY EMAIL

Crown Corporation CEOs
and Board Chairs
See Schedule "A"

Dear Colleagues:

BC Public Sector Compensation Review – Implementation

I am writing today to provide an update on Government's implementation of the *BC Public Sector Compensation Review* recommendations following consultation with employers' associations and employers earlier this year. Additionally, I am providing an update on the excluded management compensation freeze.

Over the past several years, a disciplined focus has been used to manage compensation costs in the broader public sector including the management compensation freeze and introduction of the Taxpayer Accountability Principles (TAP) to strengthen accountability and promote cost control. These measures have been integral to stabilizing the Province's fiscal situation. The willingness and collective efforts of both employers and employees has contributed significantly to Government's ability to deliver on the promise for consecutive balanced budgets and is greatly appreciated.

While Budget 2015 shows a larger-than-planned surplus for 2014/15, forecasts for the following years show narrow surpluses and ongoing fiscal risks. With compensation costs accounting for nearly 60 per cent of provincial spending, careful and prudent management of public sector compensation will remain an ongoing Government priority.

Public Sector Compensation Review—Implementing a Common Compensation Philosophy

The firm of Ernst and Young was retained to review broad trends in B.C. public sector compensation to ensure alignment with the TAP principle of *Appropriate Compensation* while recognizing the need to recruit and retain leaders who can positively impact the public sector.

Ministry of Finance	Public Sector Employers' Council Secretariat	Mailing Address: PO Box 9400 Stn Prov Govt Victoria BC V8W 9V1	Location Address: 210 – 880 Douglas St Victoria BC V8W 2B7 250.387.0842
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This review was released in 2014 and included a number of recommendations that have been endorsed by Government; the key recommendations include:

- Create a common compensation philosophy and enablers based on core government's philosophy, including a refresh of that philosophy, shared principles standardized benchmarking, and investment in more accessible and comprehensive data;
- Build a governance model and processes to ensure alignment across the public sector, including establishment of a clear role for Cabinet and Crown corporations boards and alignment of employers' associations; and
- Deploy and make sustainable a model that includes regular market reviews, approval processes, and regular refreshment of the core government philosophy.

Earlier this year, PSEC led a focused, data-driven consultation with employers' associations and employers across the broader public sector to review compensation philosophies, as well as collect data on impacts of the wage freeze. The analysis demonstrated a lack of alignment in some areas, reaffirming the *BC Public Sector Compensation Review's* findings that shared principles would encourage greater rigour and consistency in the determination of compensation.

Government has endorsed the recommendation to align compensation practices in the broader public sector through the implementation of a shared, common compensation philosophy.

As the next step in implementing a common compensation philosophy, employers are being asked to update and align their compensation plans with the following core principles:

- **Performance** -- Compensation programs support and promote a performance-based organizational culture.
- **Differentiation** – Differentiation of salary is supported where there are differences in the scope of the position within an organization, and/or due to superior individual team contributions.
- **Accountability** – Compensation decisions are objective and based upon a clear and well documented business rationale that demonstrates the appropriate expenditure of public funds.
- **Transparent** – Compensation programs are designed, managed and communicated in a manner that ensures the program is clearly understood by employees and the public while protecting individual personal information.

Detailed information is found in the attached *Employers' Guide – Implementing a Common Compensation Philosophy for the B.C. Public Sector*. I would ask that organizations submit to PSEC by November 30, 2015 a refreshed philosophy, for review and approval by the Minister Responsible for the *Public Sector Employers Act* (Minister of Finance). PSEC staff are available to discuss draft materials and to assist with any questions.

Update: Management Compensation Freeze

A common philosophy will provide a standardized foundation for compensation decisions across broader public sector organizations. While employers are revising compensation philosophies, Government is authorizing some flexibility to address specific compensation issues that resulted

from the wage freeze. This flexibility recognizes that during this period of frozen management compensation, unionized employees have received general wage increases and regular 'step' increments. Public sector managers play a key role in delivering services to British Columbians in a cost-effective manner every day. It's important to recognize the vital work they do, and one way we can do that is by providing some flexibility within the management compensation freeze policy.

Effective July 1, 2015, employers with an approved business case will be able to provide management staff with modest, targeted increases -- within existing salary ranges and subject to the parameters outlined below:

- Increases will focus on cases of demonstrated salary compression or inversion or to ensure the retention of high performing employees.
- No general wage increases; proposed salary adjustments must be within existing salary ranges.
- Increases are to be funded within existing budgets and not impact other efficiency targets.
- The wage freeze remains status quo for executive employees at this time.

For further discussion, PSEC will be hosting two conference calls for human resources staff to ask questions or seek clarity on the following dates:

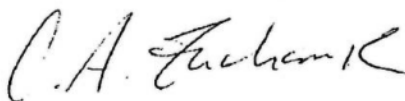
- Tuesday, June 30, 2015 @ 11:00a.m.
- Tuesday, July 7, 2015 @ 2:00p.m.

Dial-in s.15,s.17
Participant ID s.15,s.17

On behalf of PSEC, I would like to extend my appreciation for your cooperation and participation in our consultations and data requests over the past few months.

If you have any questions, please feel free to contact me at (250) 387-0842 or Christina.Zacharuk@gov.bc.ca

Sincerely,



Christina Zacharuk
Interim President and CEO

Attached: *Employers' Guide – Implementing a Common Compensation Philosophy for the B.C. Public Sector*

cc: Deputy Ministers Responsible for Crown Agencies

SCHEDULE "A"

List of Crown Agencies

BC Assessment Authority	First People's Language Heritage and
BC Games Society	Culture Council
BC Housing Management Commission	Forestry Innovation Investment Ltd.
BC Hydro	Industry Training Authority
BC Innovation Council	ICBC
BC Lottery Corporation	Knowledge Network
BC Pavilion Corporation	Legal Services Society
BC Rail Company	Oil & Gas Commission
BC Securities Commission	Partnerships BC
BC Transit	Private Career Training Institutions Agency
BC Utilities Commission	Royal BC Museum
Columbia Basin Trust	Transportation Investment Corporation
Columbia Power Corporation	WorkSafe BC
Community Living BC	
Destination BC	



Our Ref: 344284

June 25, 2015

SENT BY EMAIL

Renzo Del Negro, CEO
BC Public School Employers' Association

Gentil Mateus, CEO
Community Social Services Employers' Association

David Logan, President and CEO
Health Employers' Association of British Columbia

Blair Littler, Executive Director
University Public Sector Employers' Association

Anita Bleick, CEO
Post-Secondary Employers' Association

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While Budget 2015 shows a larger-than-planned surplus for 2014/15, forecasts for the following years show narrow surpluses and ongoing fiscal risks. With compensation costs accounting for

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This review was released in 2014 and included a number of recommendations that have been endorsed by Government; the key recommendations include:

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- Deploy and make sustainable a model that includes regular market reviews, approval processes, and regular refreshment of the core government philosophy.

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A common philosophy will provide a standardized foundation for compensation decisions across broader public sector organizations. While employers are revising compensation philosophies, Government is authorizing some flexibility to address specific compensation issues that resulted from the wage freeze. This flexibility recognizes that during this period of frozen management compensation, unionized employees have received general wage increases and regular 'step' increments. Public sector managers play a key role in delivering services to British Columbians in a cost-effective manner every day. It's important to recognize the vital work they do, and one way we can do that is by providing some flexibility within the management compensation freeze policy.

Effective July 1, 2015, employers and employers' associations with an approved business case will be able to provide management staff with modest, targeted increases -- within existing salary ranges and subject to the parameters outlined below:

- Increases will focus on cases of demonstrated salary compression or inversion or to ensure the retention of high performing employees.
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- Increases are to be funded within existing budgets and not impact other efficiency targets.
- The wage freeze remains status quo for executive employees at this time.

For further discussion, PSEC will be hosting a conference call for employers' associations to ask questions or seek clarity on Friday, June 26, 2015 @ 1:30pm.

On behalf of PSEC, I would like to extend my appreciation for your cooperation and participation in our consultations and data requests over the past few months.

If you have any questions, please feel free to contact me at (250) 387-0842 or Christina.Zacharuk@gov.bc.ca

Sincerely,



Christina Zacharuk
Interim President and CEO

Attached: *Employers' Guide – Implementing a Common Compensation Philosophy for the B.C. Public Sector*

cc: Dave Byng, Deputy Minister
Ministry of Education

cc: Cont'd.

Sheila Taylor, Deputy Minister
Ministry of Social Development and Social Innovation

Mark Sieben, Deputy Minister
Ministry of Children and Family Development

Stephen Brown, Deputy Minister
Ministry of Health

Sandra Carroll, Deputy Minister
Ministry of Advanced Education

PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT

BRIEFING NOTE FOR INFORMATION

PREPARED FOR: Christina Zacharuk, President and CEO Public Sector Employers' Council Secretariat

Trevor Hughes, Assistant Deputy Minister, Industrial Relations and Labour Programs - Ministry of Jobs, Tourism and Skills Development and Responsible for Labour

ISSUE: Local Government Compensation Update - BC Compensation Review

BACKGROUND:

In September 2014, *The BC Public Sector Compensation Review* made a number of recommendations in support of more effective practises for public sector compensation. The Review found that compensation levels for Regional and Local Government's unionized and management positions were higher when compared with similar roles in the Broader Public Sector (BPS) and the BC Public Service. The Review found that executive level compensation for Regional and Local Government was generally higher than in the BC Public Service; some Regional & Local Government leaders were compensated at a significantly higher level than leaders in the BC Public Service (e.g. City of Vancouver, Metro Vancouver); it should be noted that lack of meaningful data did not allow full benchmarking comparisons however.

The Ministry of Community, Sport and Cultural Development (CSCD) has worked closely with the Union of BC Municipalities since the fall of 2014 to advance the Review's recommendations and develop a greater shared understanding on employee compensation issues. Recommendations included s.13
s.13

Government did not endorse a recommendation that called for a review of current (police and fire) arbitration models for local governments.

DISCUSSION:

Cabinet has generally endorsed the recommendations from the BC Compensation Review following its release in 2014 (Appendix A – Excerpt of Acceptance from CWG Core Review Recommendations).

During 2015 the PSEC Secretariat consulted with employers in the Broader Public Sector (BPS) on implementing the Review's recommendations which included refreshed compensation philosophies for all employers covered under the *Public Sector Employers' Act* and utilization of shared benchmarking tools - with comparability to the BC Public Service for appropriate positions.

This work is tied closely to the Taxpayer Accountability Principles (TAP) which views public sector compensation through a “one taxpayer” lens.

Updated compensation philosophies from the Health, K12 education, Post-Secondary, and Research University sectors as well as all Crown Corporations covered by the Act were approved by the Minister of Finance on January 7, 2016.

s.12

s.13

On December 10, 2015 the UBCM President wrote to the Minister of Community, Sport and Cultural Development informing that UBCM was not prepared to advance the draft MOU in its proposed form. UBCM's position is to tie progress on local government compensation issues to provincial action in support of *Strong Fiscal Futures* (SFF). SFF is a 2013 project proposal from the UBCM which seeks to restructure the existing BC municipal finance funding model with new and expanded sources of revenue from the Province. The proposal also calls for the creation of a local government infrastructure bank – in support of new local government capital infrastructure projects - largely funded by the Provincial Government (Appendix C - Letter from UBCM President to Minister Fassbender – December 10, 2015).

The Minister of Community, Sport and Cultural Development has not yet responded to the December 10th UBCM letter.

ATTACHMENTS:

Appendix A – Excerpt of Acceptance from CWG Core Review Recommendations

Appendix B - Draft Memorandum of Understanding – Government of BC and UBCM

Appendix C - Letter from UBCM President to Hon. Peter Fassbender – Dec. 10, 2015

Prepared by:	Ken Dawson Director Labour Relations PSEC Secretariat	Reviewed by:	Heather Brazier Executive Lead Ministry of Community Sport, and Cultural Development
Phone #:	778 679-0891	Phone #:	250 387-3860

APPENDIX A

Excerpt of Acceptance from CWG Core Review Recommendation

The Committee reviewed a presentation, entitled “Public Sector Compensation”, dated May 5, 2014, and a related Cabinet Submission entitled “Public Sector Compensation:”, signed by the Minister of Energy and Mines and dated April 28, 2014. The Committee also reviewed a report by Ernst and Young entitled “BC Public Sector Compensation Review”, dated April 17, 2014.

Committee Recommendation:

The Committee recommends support for the following recommendation from the Ernst and Young report:

- Create a common compensation philosophy and enablers based on core government’s philosophy:
 - Refresh core government’s compensation philosophy;
 - Further develop the philosophy to create shared principles, processes and guidelines for the entire BC public sector;
 - Standardize benchmarking tools across the BC public sector;
 - Invest in more accessible and comprehensive data;
- Build a governance model and processes to ensure alignment across the BC Public Sector:
 - Set the expectation that Cabinet will set philosophy and direction across the entire BC Public Sector;
 - Revisit the role of Crown Corporation Boards in establishing compensation and revisit remuneration categories and adjust based on principles;
 - Establish the process for issuance of a single strategic directive from Cabinet to align compensation philosophy across the BC public sector including removing Cabinet from procedural elements and set consequences for non- compliance;
 - Finalize a review of the Provincial model including need to align Employers’ Associations;
 - Enable a common bargaining approach in the Regional and Local Government;
 - Set a strategy to create adherence to the philosophy and governance for Regional and Local Government beginning with education and setting expectations for them to ‘do the right thing’.
- Deploy and make the model sustainable (including regular market reviews, developing approval processes, and processes to refresh the philosophy on a regular basis).

The Committee further recommends:

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This briefing document contains confidential information pertaining to labour relations and other matters.

- Decisions on the future state governance model – in particular the recommendation on role of Cabinet’s involvement in procedures – be left until the philosophy work is complete;
- For Regional and Local Government begin with providing UBCM the opportunity to jointly create a philosophy and governance approach with PSEC and CSCD;
- That government consider directing the Auditor General for Local Government to make the compensation issues raised in the review a priority for her office;
- That the Ernst and Young recommendation to conduct a review of current (police and fire) arbitration models not be accepted at this time with the priority being placed on the other work proposed;
- That a communications strategy be developed for release of the report and government’s response.

Page 14 to/à Page 17

Withheld pursuant to/removed as

s.13



December 10, 2015

Honourable Peter Fassbender
Minister of Community, Sport and Cultural Development
PO Box 9056 Stn Prov Govt
Victoria, BC V8W 9E2

Dear Minister Fassbender,

I wish to thank you for taking the time to meet with our Executive on November 27th. We appreciated the opportunity to discuss a range of priorities, as well as your commitment to future collaborative engagement on these issues.

Following our meeting with you, the UBCM Executive reviewed and discussed the proposed Memorandum of Understanding (MOU) on Compensation. The Executive has consistently maintained the need to see concurrent progress on our respective priorities of compensation and *Strong Fiscal Futures* (SFF). This position is partly founded on a year's worth of efforts with ministry staff and the Honourable Coralee Oakes to develop a draft MOU that contemplated work on both the SFF priority of creating an Infrastructure Bank and reviewing compensation. The current proposed MOU's exclusive focus on compensation, and failure to commit to action on the Infrastructure Bank, contradicts UBCM's long-standing position.

In addition, the Executive believes that the proposed MOU on excluded compensation is too narrow in scope, and that a more comprehensive framework of analysis is required. The proposed changes from a previous draft MOU will be insufficient to garner a true understanding of cost drivers. Specifically, I would reference UBCM policy and previous UBCM conversations with the Province with regard to arbitrated settlements and their impact on local government expenses.

We sincerely wish to build upon, and strengthen, our existing relationship with the Province. We also want to pursue a mutually beneficial shared agenda that supports local government fiscal accountability and sustainability. However, the one-sided nature of the current MOU fails to reflect that partnership approach. As such, the Executive has re-affirmed the need to see concurrent progress on both compensation and *Strong Fiscal Futures*.

We are open to, and available for, further dialogue around our shared priorities as they pertain to strengthening the local government finance system and improving taxpayer value.

Sincerely,

A handwritten signature in cursive script that reads "Al Richmond". The signature is fluid and written in dark ink.

Chair Al Richmond
UBCM President

**PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
BRIEFING NOTE FOR INFORMATION**

PREPARED FOR: Dave Byng, Deputy Minister
Ministry of Education

Christina Zacharuk, President and CEO
Public Sector Employers' Council Secretariat

ISSUE: **K-12 Executive Compensation Disclosure for 2014/15**

BACKGROUND:

The *Public Sector Employers Act* (the Act) provides for public disclosure of total compensation paid to senior employees of public sector employers on a yearly basis.

The Public Sector Employers' Council Secretariat (PSEC) coordinates the disclosure process for K-12 in conjunction with the British Columbia Public School Employers' Association (BCPSEA) and school districts. This process includes the collection, analysis and public posting of executive compensation information for the top five decision-makers earning a base salary of \$125K or more. In the K-12 sector, these positions include the CEO/Superintendent and the next four highest paid, or ranked by decision-making level, officials.

For the purposes of the disclosure, total compensation includes the following: base salary, benefits (both taxable and non-taxable), perquisites, pension contributions, retirement allowances, and any other performance or other payments (including compensation that is earned but not yet paid); it does not include reimbursable expenses.

Compensation for management and exempt employees in K-12 is managed by BCPSEA in accordance with the Act and within government policy. Public sector employers are obligated to submit compensation plans for employees not subject to collective agreements. The Minister responsible for the Act will provide approval on compensation plans and any changes to these plans. One exception to this requirement is the compensation for a CEO/Superintendent, whereby Boards of Education have purview over all compensation-related issues and specific terms of employment. However, the public disclosure provisions of the Act apply to CEO/Superintendents.

The 2014/15 disclosure (based on the school district budget cycle schedules of July 1, 2014 to June 30, 2015) will be publically released in mid-December.

DISCUSSION:

The public disclosure process began in 2007/08 when amendments were made to the Act requiring employers to provide all applicable total compensation information of their CEO/Superintendent and the next four highest ranking/paid executives earning a base salary of \$125,000 or more. These disclosures were directed to be sent to the Minister responsible for the Act and to be posted on school district websites.

The disclosures must be released within six months of the employers' fiscal year end; for school districts, this is June 30th. The remainder of the public sector is disclosed with Public Accounts, which is typically in July. Unlike the rest of the public sector, there is no public announcement accompanying this routine posting of executive compensation information for the K-12 sector.

Since 2012, a management compensation freeze has been in effect across the public sector and therefore compensation disclosures should be generally consistent year over year. However, there are a number of factors that contribute to increases in total compensation during the period of time since the onset of the wage freeze, including:

- Increased pension contributions;
 - in 2012 the Teachers' Pension Plan implemented a 1.3% increase to both employer and employee contributions;
- The employee is new in the position;
- Payouts of unused vacation allotments held by employees;
- Superintendents are exempted from the wage freeze and compensation provisions of the Act – boards may increase compensation for these employees; and
- Increased costs associated with employee benefit provisions.

Taken together, these items will cause increases to total compensation with no corresponding increases to an employee's base salary level.

With respect to compensation for the CEO/Superintendents only, 19 school boards have provided salary increases since 2010/11, ranging from 1% up to 27%. In February 2015, the Minister of Finance wrote to the board chairs of four districts that provided the highest percentage increases since 2010/11 requesting confirmation of salary adjustments and a rationale. In each case, responses were provided by the school district confirming the increases and offering rationales – generally a result of concerns about retention of a key district leadership position. Two of these districts, SD 37 Delta and SD 38 Richmond, are included in the Top 10 CEO/Superintendent compensation listing from the executive compensation disclosure for 2014/15 (See Appendix A – Highest Paid Executives in K-12).

Of note, the highest paid CEO/Superintendent was Dr. Kevin Elder, Superintendent of SD 63, Saanich. In 2014/15, Dr. Elder received a total compensation of \$325,714 – of which \$135,328 was a 2014 retirement allowance. Dr. Elder has since returned to the Saanich School District as CEO/Superintendent effective January 1, 2015. As is the case from prior years, any requests for further information on compensation decisions at the local level will be directed to the appropriate school district.

Attachment: Appendix A – Highest Paid Executives in K-12

Prepared by:	Ken Dawson Director, Labour Relations PSEC Secretariat	Approved by:	Chris Rathbone Executive Director PSEC Secretariat
Tel:	778.679.0891		250.356.0949

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Page 2

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Highest Paid Executives in K-12

2014/15 Executive Compensation Disclosure										
Rank 2014/15	Rank 2013/14	Name, Position, and School District	2014/15 Base Salary	2014/15 Total Comp	2013/14 Total Comp	2012/13 Total Comp	% change	Student Enrollment numbers	Notes	Rank 2014/15 (All Exec Comp)
1	13	Keven Elder, Superintendent, SD 63 Seasich	\$ 148,644	\$ 325,714	\$ 221,645	\$ 189,061	47%	7,220	Retired November 30, 2014 with retirement allowance of \$135,328 paid. Was rehired back on January 1, 2015	40
2	7	Jordan Tinney, Superintendent, SD 36 Surrey	\$ 204,000	\$ 264,106	\$ 246,843	\$ 216,306	7%	68,208	Vacation payout of \$19,294	87
3	10	Dianne Turner, Superintendent, SD 37 Delta	\$ 190,731	\$ 259,266	\$ 234,146	\$ 233,362	11%	15,427	Salary increase of \$15,058 and Vacation Payout of \$14,615. *SD 37 Board Chair received letter from Minister of Finance in February 2015 regarding Superintendent Salary increases over the last four years.*	92
4	6	Steve Cardwell, Superintendent, SD 39 Vancouver	\$ 128,974	\$ 243,564	\$ 250,575	\$ 244,215	-3%	51,384	Retired February 27, 2015 and paid out vacation of \$79,367	110
5	12	Wayne Noye, Secretary-Treasurer, SD 36 Surrey	\$ 180,450	\$ 243,001	\$ 230,672	\$ 237,323	5%	68,208	Vacation payout of \$18,739	114
6	11	Chris Kennedy, Superintendent, SD 45 West Vancouver	\$ 181,000	\$ 242,133	\$ 232,100	\$ 218,902	4%	6,727	Promoted to Superintendent November 1, 2014	115
7	20	Kevin Godden, Superintendent, SD 34 Abbotsford	\$ 179,592	\$ 236,332	\$ 207,966	\$ 205,179	14%	19,044	Salary increase of \$21,342 and a vacation payout of \$7,184	121
8	14	Monica Parmer, Superintendent, SD 33 Richmond	\$ 177,640	\$ 233,439	\$ 218,898	\$ 227,037	7%	20,539	Salary increase of \$9,360 and vacation payout of \$11,867. *SD 33 Board Chair received letter from Minister of Finance in February 2015 regarding Superintendent Salary increases over the last four years.*	127
9	19	Rick Ryan, Deputy Superintendent, SD 36 Surrey	\$ 177,681	\$ 229,259	\$ 208,034	\$ 181,271	10%	68,208	First full year as Deputy Superintendent and movement through the pay band due to the consistent and documented practice of automatic progression	134
10	105	Scott Robinson, Superintendent, SD 39 Vancouver	\$ 166,554	\$ 226,820	\$ 163,310	\$ 176,484	39%	51,384	Promoted from Associate Superintendent to the position of Superintendent in March 2015	136

**PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
BRIEFING NOTE—FOR DISCUSSION**

PREPARED FOR: Honourable Michael de Jong, Q.C., Minister Responsible for the
Public Sector Employers Act

ISSUE: 2014/15 Executive Compensation Disclosure

BACKGROUND:

Government will disclose 2014/15 executive compensation for public sector employers on July 15th as part of the annual release of the Public Accounts. This is the eighth year that the PSEC Secretariat has collected and disclosed this information, and the fourth year that base salary and total compensation will be provided in machine-readable format through the open data initiative with hyperlinks that connect to the individual statements themselves.

Executive compensation disclosure requirements apply to the CEO and the next four highest-earning executives or those decision makers of most importance earning a base salary of at least \$125,000 at organizations covered by the *Public Sector Employers Act* (the Act). This includes Crown corporations, post-secondary institutions, research universities, health authorities, the public service, and school districts (see Appendix). The disclosure in July does not include school districts, which are required to disclose by the end of December in recognition of their June 30th fiscal year end.

Out of scope employers: Organizations that do not meet the definition of a public sector employer under the Act include: BC Investment Management Corporation, BC Pension Corporation, Translink, and the BC Ferry Corporation. These agencies are required by the *Financial Information Act* to disclose remuneration annually with the exception of the BC Ferry Corporation.

In 2013, social services agencies were informed that the Minister of Finance reserves the right to require disclosure from any contracted service provider where there's an indication that client needs aren't being met or public funds are not being allocated in a defensible manner, but broad disclosure from them is not required on an annual basis at this time. This decision was made for three reasons: most agencies do not meet the \$125K disclosure threshold and compliance is difficult to enforce as these organizations are contracted service providers and government is not reflected in their governance structures.

DISCUSSION:

The 2014/15 disclosure provides evidence that Government's disciplined and considered approach to managing compensation is having a demonstrable impact on compensation across the public sector policies, including the 2012 Crown Corporation Executive Compensation Policy and the current management compensation freeze, have held compensation levels steady,

or, in some cases, reduced the amount of compensation paid to executives (see the attached year-by-year table for changes in compensation from fiscal 2010/11 to 2014/15).

PSEC's review of 2014/15 disclosure statements has not identified any employers acting in contravention of these directives (unlike the BC Cancer Agency and Royal BC Museum examples in 2013/14).

Highlights of the 2014/15 disclosure:

- The total amount of total compensation paid to disclosed executives is down by 4.6 per cent compared to 2013/14. This decrease comes despite an increase in the number of disclosed executives, which rose by 9, or 3.1 per cent. The average total compensation per executive dropped by \$18,029 or 7.5 per cent from 2013/14 to 2014/15 (see attached top 20 for more information on transitions of executives).
- Overall, executives in the disclosure receiving either a holdback or bonus (performance-based compensation payments) is down from 80 to 73. This includes the transition of bonuses into holdback payments that was required for Crown corporations.
- Since 2010/11, a notable disclosure as it was two years prior to the Crown Policy implementation, the number of executives receiving bonus or holdback pay has fallen by 27 per cent — from 100 executives to 73. Now 24 per cent of executives receive performance-based compensation, compared to 36 per cent in 2010/11.
- Part of the decrease in performance-based compensation payments is due to bonuses being fully rolled into base pay, and where the holdback has been eliminated entirely, as per the 2012 Crown Policy.
- Since 2010/11, the total amount of performance-based compensation payments has dropped 41 per cent — from \$4.4M to \$2.6M.
- The average amount of performance-based compensation payments for each disclosed executive fell by 26.3 per cent, or \$4,445, from \$48,784 in 2012/13 to \$35,958 in 2013/14. The 2012/13 disclosure is notable as it represents the peak of performance-based compensation payments and was the year before the Crown Policy was implemented.

2014/15 Top 10:

- The 2014/15 top 10 shows a higher turnover in executives than in previous years largely due to retirements and other departures (some cases of working notice/severance).
- Overall, the top 10 reflects a 5.4 per cent decrease in total compensation, mainly due to changes in the named executives and the variances in their compensation, such as vacation payouts and severance (see attached detailed top 10).
- The lowest compensation of the top 10 this year is \$443,401, compared with \$489,107 in 2013/14; only five of this year's top 10 would have been in the 2013/14 top 10.
- Additionally, this year's top 10 shows a 0.8 per cent decrease in performance-based compensation payments, compared to the 2013/14 top 10 and a 0.7 per cent decrease in total base salary.

Employer	Rank	Position/Title	Salary	Bonus	Benefits	Pension	All Other Comp	Total Compensation	
								2014/15	2013/14
Powerex - Subsidiary of BC Hydro	1	Thomas Bechard, Managing Director	\$ 358,800	\$ 540,000	\$ 19,683	\$ 20,653	\$ 18,567	\$ 957,704	\$ 973,431
University of British Columbia	2	Pierre Ouillet, VP, Finance, Resources & Operations	\$ 127,358	\$ -	\$ 2,312	\$ 12,332	\$ 385,068	\$ 527,070	\$ 362,994
Powerex - Subsidiary of BC Hydro	3	Teresa Conway, President & CEO, Powerex	\$ 326,562	\$ 57,536	\$ 21,870	\$ 65,312	\$ 40,064	\$ 511,343	\$ 492,542
Provincial Health Services Authority	4	Max Coppes, President, BC Cancer Agency	\$ 400,000	\$ -	\$ 21,618	\$ 39,058	\$ 46,934	\$ 507,610	\$ 561,356
BC Securities Commission	5	Brenda Leong, Chair	\$ 434,748	\$ -	\$ 11,020	\$ 46,714	\$ 6,769	\$ 499,251	\$ 499,251
Insurance Corporation of BC	6	Geri Prior, Chief Financial Officer	\$ 343,414	\$ 55,248	\$ 17,956	\$ 58,603	\$ 13,848	\$ 489,069	\$ 489,107
Insurance Corporation of BC	7	Mark Blucher, President & CEO	\$ 346,976	\$ 52,428	\$ 17,532	\$ 58,712	\$ 756	\$ 476,405	\$ 457,709
Insurance Corporation of BC	8	Sheila Eddin, Vice President Transformation	\$ 262,809	\$ 46,609	\$ 16,705	\$ 49,439	\$ 83,928	\$ 459,489	\$ 423,402
BC Hydro	9	Chris O'Riley, Deputy CEO and EVP Capital Infrastructure P	\$ 307,133	\$ 56,455	\$ 21,320	\$ 61,427	\$ 4,436	\$ 450,770	\$ 432,605
BC Hydro	10	Greg Reimer, Executive VP, T&D and Customer Service	\$ 294,142	\$ 32,818	\$ 20,952	\$ 58,828	\$ 36,660	\$ 443,401	\$ 430,526

Details on 2014/15 top 10 disclosures:

Please see the attached disclosure statements for full details, including the compensation philosophies and board attestations:

➤ BC Hydro/Powerex:

- Total compensation for Tom Bechard, managing director at Powerex, is down 1.6 per cent, which continues to put him below the \$1M mark – his total compensation was \$1,019,687 in 2012/13. He remains the highest paid executive in the B.C. public sector.
- Teresa Conway, CEO of Powerex, has an increase of \$18,801 due to a vacation payout.
- Due to a partial year in the position the CEO, Jessica McDonald, and former CEO, Charles Reid of BC Hydro are not disclosed.
- Ms McDonald is expected to be in the top 10 next year.
- Increases in total compensation for Chris O'Riley, deputy CEO and EVP Capital Infrastructure, and Greg Reimer, executive VP, are due to vacation payouts and a decrease in the threshold to make the top 10.

➤ University of British Columbia:

- Dr Pierre Ouillet, VP Finance, Resources, and Operations, is ranked second due to a lump sum severance payment of \$353,757.
- Neither the former president of UBC, Dr Stephen Toohe, nor the current, Dr Arvind Gupta, made the top 10 due to partial year reporting. Dr Gupta's total compensation is the same as Dr Toohe's, however, it does not include a bonus and is expected to be in the top 10 in 2015/16.

➤ Insurance Corporation of BC:

- IBCB has three employees in the top 10 this year.
- Under the July 2012 Crown Policy, CFO Geri Prior's compensation is flat, but her performance-based compensation fell \$45,146 and the Crown Policy direction eliminated an \$18,000 perquisite allowance. Her pensionable base pay increased to \$48,614 and vacation payout was \$6,945. This is due to her transition from a bonus payment to a holdback.
- Mark Blucher, president and CEO, has similar changes to performance-based compensation (down \$20,995) and pensionable base pay (up \$30,918) while

total compensation for Sheila Eddin, VP Transformation, includes severance and a vacation payout totalling \$82,741, in addition to a decrease in performance-based compensation (down \$35,030) and an increase in pensionable base pay (up \$14,109).

➤ Provincial Health Services Authority:

- Following direction after the July 2014 disclosure, PHSA gave Dr Max Coppes 12-months' notice that his base salary would be reduced by 10 per cent (\$50,000). Dr Coppes resigned in December 2014.
- Dr Coppes' compensation decreased by \$53,746 which is due to a partial year being reported, a decrease in base salary of \$101,796 and a vacation payout on resignation of \$46,274.
- Dr Coppes has now been replaced by Dr Malcolm Moore whose total compensation amounts to \$400,000; this includes a base salary of \$350,000, benefits/pension package valued at \$50,000, plus \$100,000 in stipends for research activities related to his work at the Cancer Agency.

➤ BC Securities Commission:

- Compensation for Brenda Leong, Chair, is showing as flat, with very small changes to benefits and pension.

July 2012 Crown Policy implementation:

Crown corporations have all submitted transition plans to PSEC as directed by the policy. These changes are substantially complete and their impact is being seen in the 2014/15 disclosure statements. The policy for bonus payments (moving to maximum 20% holdbacks) required some Crown corporations to increase base salary to offset decreasing bonus payment, is largely reflected for most of the Crowns in this disclosure.

Communications:

Disclosure statements are posted to the PSEC Secretariat's website, as well as to the sites of individual employers. The disclosure is "announced" with an information bulletin and may include the top 10 as a backgrounder or by request only. The strategic approach is to direct questions on individual compensation first to the employer and subsequent questions may then go to the Minister responsible for that agency or sector. In advance of the disclosure, PSEC Secretariat works closely with employers and respective ministries to develop tailored communications materials.

Attachment: Appendix (detailed overviews and summary)

Prepared by:	Kindrée Draper	Approved by:	
	Director Corporate Relations	Executive Director, Labour Strategy	Chris Rathbone
	PSEC Secretariat	Interim President & CEO	Christina Zacharuk
Phone #:	250 356-5639		604 839-5699

“public sector employer” means

- (a) the government,
- (b) unless exempted by the regulations,
 - (i) a corporation or an unincorporated board, commission, council, bureau, authority or similar body that has on its board of management or board of directors 50% or more members who are appointed by an Act, a minister or the Lieutenant Governor in Council, or
 - (ii) a subsidiary, as defined in section 1 (1) of the *Business Corporations Act*, of a corporation that is a public sector employer,
- (c) a board of school trustees as defined in the *School Act* or a francophone education authority as defined in that Act,
- (d) a university as defined in paragraph (a) of the definition of "**university**" in section 1 of the *University Act*,
 - (d.1) Royal Roads University continued under the *Royal Roads University Act*,
 - (d.2) [Repealed 2002-35-12.]
 - (d.3) the Thompson Rivers University,
- (e) an institution as defined in the *College and Institute Act* and a special purpose, teaching university as defined in the *University Act*,
- (f) a hospital as defined in the *Hospital Act* or an employer that is designated in the regulations as a health care employer, and
- (g) an employer that is designated in the regulations as a social services employer;

DRAFT - Detailed Overview – Year-by-Year Comparison

Public Sector Employers' Council Secretariat

	2010/11	2011/12	2012/13	2013/14	2014/15	Change 13/14 - 14/15	%Change 13/14 - 14/15	%Change 12/13 - 14/15
Total compensation	\$ 68,665,533	\$ 67,254,905	\$ 68,271,876	\$ 69,442,580	\$ 66,232,505	\$ (3,210,075)	-4.6%	-3.0%
Total Bonus/Holdback Paid	\$ 4,433,200	\$ 3,936,454	\$ 4,146,640	\$ 3,232,212	\$ 2,624,929	\$ (607,282)	-18.8%	-36.7%
Number of disclosed executives	279	274	284	289	298	9	3.1%	4.9%
Average Total Compensation	\$ 246,113	\$ 245,456	\$ 240,394	\$ 240,286	\$ 222,257	\$ (18,029)	-7.5%	-7.5%
Number of executives reporting bonus / holdback	100	97	85	80	73	-7	-8.8%	-14.1%
Bonus / holdback per executive with bonus	\$ 44,332	\$ 40,582	\$ 48,784	\$ 40,403	\$ 35,958	\$ (4,445)	-11.0%	-26.3%
% of execs reporting a bonus / holdback	36%	35%	30%	28%	24%	-3%	-11.5%	-18.3%
Bonus / Holdback per disclosed executive	\$ 15,890	\$ 14,367	\$ 14,601	\$ 11,184	\$ 8,808	\$ (2,376)	-21.2%	-39.7%
Top 10 Compensation	\$ 6,323,974	\$ 5,708,365	\$ 5,550,201	\$ 5,627,526	\$ 5,322,112	\$ (305,414)	-5.4%	-4.1%
Top 10 Bonus / Holdback	\$ 1,502,404	\$ 1,124,554	\$ 1,114,548	\$ 848,125	\$ 841,094	\$ (7,031)	-0.8%	-24.5%
Top 10 Base Salary			\$ 3,338,992	\$ 3,224,175	\$ 3,201,942	\$ (22,233)	-0.7%	-4.1%
Top 10 Pension			\$ 571,923	\$ 516,356	\$ 471,078	\$ (45,278)	-8.8%	-17.6%
Top 10 Benefits			\$ 138,099	\$ 151,760	\$ 170,968	\$ 19,208	12.7%	23.8%
Top 10 Other			\$ 386,639	\$ 887,110	\$ 637,030	\$ (250,080)	-28.2%	64.8%

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DRAFT - Detailed Overview – Top 10 Compensation

Public Sector Employers' Council Secretariat

Employer	Rank	Position/Title						Total Compensation			Explanation of change	CAP
			Salary	Bonus	Benefits	Pension	All Other Comp	2014/15	2013/14	% Change		
Powerex - Subsidiary of BC Hydro	1	Thomas Bechard, Managing Director	\$ 358,800	\$ 540,000	\$ 19,683	\$ 20,653	\$ 18,567	\$ 957,704	\$ 973,431	-1.6%		N/A*
			Severance	Vacation payout	Vehicle Allowance	Other Allowance	Other	All Other Comp			Description	
			\$ -	\$ 16,280	\$ -	\$ -	\$ 2,287	\$ 18,567			Other: Paid parking	
University of British Columbia	2	Pierre Ouillet, VP, Finance, Resources & Operations (Severed)	\$ 127,358	\$ -	\$ 2,312	\$ 12,332	\$ 385,068	\$ 527,070	\$ 362,994	45.2%	Lump sum severance payment	
			Severance	Vacation payout	Vehicle Allowance	Other Allowance	Other	All Other Comp			Description	
			\$ 353,757	\$ -	\$ -	\$ 1,311	\$ 30,000	\$ 385,068			Other allowance: Health & Financial Assessment. Other: Payment by UBC for adjunct academic appointment & associated responsibilities	
Powerex - Subsidiary of BC Hydro	3	Teresa Conway, President & CEO, Powerex	\$ 326,562	\$ 57,536	\$ 21,870	\$ 65,312	\$ 40,064	\$ 511,343	\$ 492,542	3.8%	Increase in vacation payout	
			Severance	Vacation payout	Vehicle Allowance	Other Allowance	Other	All Other Comp			Description	
			\$ -	\$ 37,632	\$ -	\$ -	\$ 2,431	\$ 40,063			Other: Paid parking	
Provincial Health Services Authority	4	Max Coppes, President, BC Cancer Agency	\$ 400,000	\$ -	\$ 21,618	\$ 39,058	\$ 46,934	\$ 507,610	\$ 561,356	-9.6%	Reduction in base salary (\$100,000), vacation payout	
			Severance	Vacation payout	Vehicle Allowance	Other Allowance	Other	All Other Comp			Description	
			\$ -	\$ 46,274	\$ -	\$ -	\$ 660	\$ 46,934			Other: Paid parking	
BC Securities Commission	5	Brenda Leong, Chair	\$ 434,748	\$ -	\$ 11,020	\$ 46,714	\$ 6,769	\$ 499,251	\$ 499,251	0.0%	N/A	
			Severance	Vacation payout	Vehicle Allowance	Other Allowance	Other	All Other Comp			Description	
			\$ -	\$ -	\$ 5,445	\$ -	\$ 1,324	\$ 6,769			Other: Paid parking, Professional Association Fees	

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DRAFT - Detailed Overview – Top 10 Compensation
Public Sector Employers' Council Secretariat

			Salary	Bonus	Benefits	Pension	All Other Comp	2014/15	2013/14	% Change	Explanation of change	CAP
Insurance Corporation of BC	6	Gerl Prior, Chief Financial Officer	\$ 343,414	\$ 55,248	\$ 17,956	\$ 58,603	\$ 13,848	\$ 489,069	\$ 489,107	0.0%	Movement of bonus into base salary. Elimination of perquisite allowance	
			Severance	Vacation payout	Vehicle Allowance	Other Allowance	Other	All Other Comp			Description	
			\$ -	\$ 12,614	\$ 736	\$ 498	\$ -	\$ 13,848				
			Salary	Bonus	Benefits	Pension	All Other Comp	2014/15	2013/14	% Change	Explanation of change	CAP
Insurance Corporation of BC	7	Mark Blucher, President & CEO	\$ 346,976	\$ 52,428	\$ 17,532	\$ 58,712	\$ 756	\$ 476,405	\$ 457,709	4.1%	Movement of bonus into base salary.	
			Severance	Vacation payout	Vehicle Allowance	Other Allowance	Other	All Other Comp			Description	
			\$ -	\$ -	\$ 756	\$ -	\$ -	\$ 756				
			Salary	Bonus	Benefits	Pension	All Other Comp	2014/15	2013/14	% Change	Explanation of change	CAP
Insurance Corporation of BC	8	Sheila Eddin, Vice President Transformation (Severed)	\$ 262,809	\$ 46,609	\$ 16,705	\$ 49,439	\$ 83,928	\$ 459,489	\$ 423,402	8.5%	Movement of bonus into base salary, Severance, Vacation Payout, Elimination of perquisite allowance	
			Severance	Vacation payout	Vehicle Allowance	Other Allowance	Other	All Other Comp			Description	
			\$ 26,903	\$ 55,838	\$ 690	\$ 498	\$ -	\$ 83,929				
			Salary	Bonus	Benefits	Pension	All Other Comp	2014/15	2013/14	% Change	Explanation of change	CAP
BC Hydro	9	Chris O'Riley, Deputy CEO and EVP Capital Infrastructure Project Delivery	\$ 307,133	\$ 56,455	\$ 21,320	\$ 61,427	\$ 4,436	\$ 450,770	\$ 432,605	4.2%	Larger vacation payout. Bonus increased by 2%	
			Severance	Vacation payout	Vehicle Allowance	Other Allowance	Other	All Other Comp			Description	
			\$ -	\$ 3,026	\$ -	\$ -	\$ 1,410	\$ 4,436			Other: Paid parking	
			Salary	Bonus	Benefits	Pension	All Other Comp	2014/15	2013/14	% Change	Explanation of change	CAP
BC Hydro	10	Greg Reimer, Executive VP, T&D and Customer Service	\$ 294,142	\$ 32,818	\$ 20,952	\$ 58,828	\$ 36,660	\$ 443,401	\$ 430,526	3.0%	Larger vacation payout.	
			Severance	Vacation payout	Vehicle Allowance	Other Allowance	Other	All Other Comp			Description	
			\$ -	\$ 36,660	\$ -	\$ -	\$ -	\$ 36,660				

DRAFT - Summary – Top 20 Compensation

Public Sector Employers' Council Secretariat

Employer	Rank	Position/Title	Salary	Bonus	Benefits	Pension	All Other Comp	Total Compensation		2013/14 Rank	Change in		Rank
								2014/15	2013/14		Compensation		
Powerex - Subsidiary of BC Hydro	1	Thomas Bechard, Managing Director	\$ 358,800	\$ 540,000	\$ 19,683	\$ 20,653	\$ 18,567	\$ 957,704	\$ 973,431	1	-\$	15,727	0
University of British Columbia	2	Pierre Ouillet, VP, Finance, Resources & Operations	\$ 127,358	\$ -	\$ 2,312	\$ 12,332	\$ 385,068	\$ 527,070	\$ 362,994	38	\$	164,076	36
Powerex - Subsidiary of BC Hydro	3	Teresa Conway, President & CEO, Powerex	\$ 326,562	\$ 57,536	\$ 21,870	\$ 65,312	\$ 40,064	\$ 511,343	\$ 492,542	8	\$	18,801	5
Provincial Health Services Authority	4	Max Coppes, President, BC Cancer Agency	\$ 400,000	\$ -	\$ 21,618	\$ 39,058	\$ 46,934	\$ 507,610	\$ 561,356	3	-\$	53,746	-1
BC Securities Commission	5	Brenda Leong, Chair	\$ 434,748	\$ -	\$ 11,020	\$ 46,714	\$ 6,769	\$ 499,251	\$ 499,251	6	\$	-	1
Insurance Corporation of BC	6	Geri Prior, Chief Financial Officer	\$ 343,414	\$ 55,248	\$ 17,956	\$ 58,603	\$ 13,848	\$ 489,069	\$ 489,107	10	-\$	38	4
Insurance Corporation of BC	7	Mark Blucher, President & CEO	\$ 346,976	\$ 52,428	\$ 17,532	\$ 58,712	\$ 756	\$ 476,405	\$ 457,709	11	\$	18,696	4
Insurance Corporation of BC	8	Sheila Eddin, Vice President Transformation	\$ 262,809	\$ 46,609	\$ 16,705	\$ 49,439	\$ 83,928	\$ 459,489	\$ 423,402	20	\$	36,087	12
BC Hydro	9	Chris O'Riley, Deputy CEO and EVP Capital Infrastructure P	\$ 307,133	\$ 56,455	\$ 21,320	\$ 61,427	\$ 4,436	\$ 450,770	\$ 432,605	18	\$	18,165	9
BC Hydro	10	Greg Reimer, Executive VP, T&D and Customer Service	\$ 294,142	\$ 32,818	\$ 20,952	\$ 58,828	\$ 36,660	\$ 443,401	\$ 430,526	19	\$	12,875	9
Simon Fraser University	11	Andrew Petter, President and Vice-Chancellor	\$ 328,870	\$ 33,000	\$ 10,803	\$ 32,468	\$ 34,936	\$ 440,077	\$ 442,783	15	-\$	2,706	4
Insurance Corporation of BC	12	Brian Jarvis, Vice President Claims	\$ 297,050	\$ 47,789	\$ 15,901	\$ 50,691	\$ 6,012	\$ 417,445	\$ 433,103	17	-\$	15,658	7
Vancouver Island Health Authority	13	Brendan Carr, President & Chief Executive Officer	\$ 314,964	\$ 34,997	\$ 22,605	\$ 32,624	\$ 7,372	\$ 412,562	\$ 387,588	28	\$	24,974	17
Interior Health Authority	14	Robert Halpenny, CEO	\$ 315,900	\$ 35,100	\$ 20,144	\$ 34,130	\$ 5,083	\$ 410,357	\$ 408,540	23	\$	1,817	9
Provincial Health Services Authority	15	Carl Roy, President and Chief Executive Officer	\$ 311,501	\$ 34,700	\$ 12,727	\$ 29,763	\$ 21,126	\$ 409,818	\$ 348,229	40	\$	61,589	25
University of Victoria	16	Jamie Cassels, President & Vice Chancellor	\$ 350,000	\$ -	\$ 8,311	\$ 43,590	\$ -	\$ 401,901	\$ 352,328	38	\$	49,573	22
Insurance Corporation of BC	17	Camille Minogue, Chief Actuary	\$ 294,949	\$ 49,374	\$ 13,442	\$ 43,077	\$ 458	\$ 401,300	\$ 409,593	22	-\$	8,293	5
University of British Columbia	18	Arvind Gupta, President & Vice Chancellor	\$ 335,063	\$ -	\$ 9,319	\$ 32,840	\$ 22,745	\$ 399,967	\$ -	N/A	N/A	N/A	N/A
BC Hydro	19	Cheryl Yaremko, Executive VP, Finance & CFO	\$ 269,100	\$ 47,844	\$ 20,244	\$ 53,820	\$ 7,401	\$ 398,409	\$ 396,127	27	\$	2,282	8
BC Hydro	20	Debbie Nagle, Sr VP & Chief HR Officer	\$ 274,614	\$ 40,558	\$ 20,400	\$ 54,923	\$ 2,256	\$ 392,751	\$ 396,342	26	-\$	3,591	6

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Employer	Rank	Position/Title	All Other Compensation					
			Severance	Vacation	Leave	Transp.	Perq	Other
Powerex - Subsidiary of BC Hydro	1	Thomas Bechard, Managing Director	\$ -	\$ 16,280	\$ -	\$ -	\$ -	\$ 2,287
University of British Columbia	2	Pierre Ouillet, VP, Finance, Resources & Operations	\$ 353,757	\$ -	\$ -	\$ -	\$ 1,311	\$ 30,000
Powerex - Subsidiary of BC Hydro	3	Teresa Conway, President & CEO, Powerex	\$ -	\$ 37,632	\$ -	\$ -	\$ -	\$ 2,431
Provincial Health Services Authority	4	Max Coppes, President, BC Cancer Agency	\$ -	\$ 46,274	\$ -	\$ -	\$ -	\$ 660
BC Securities Commission	5	Brenda Leong, Chair	\$ -	\$ -	\$ -	\$ 5,445	\$ -	\$ 1,324
Insurance Corporation of BC	6	Geri Prior, Chief Financial Officer	\$ -	\$ 12,614	\$ -	\$ 736	\$ 498	\$ -
Insurance Corporation of BC	7	Mark Blucher, President & CEO	\$ -	\$ -	\$ -	\$ 756	\$ -	\$ -
Insurance Corporation of BC	8	Sheila Eddin, Vice President Transformation	\$ 26,903	\$ 55,838	\$ -	\$ 690	\$ 498	\$ -
BC Hydro	9	Chris O'Riley, Deputy CEO and EVP Capital Infrastructure P	\$ -	\$ 3,026	\$ -	\$ -	\$ -	\$ 1,410
BC Hydro	10	Greg Reimer, Executive VP, T&D and Customer Service	\$ -	\$ 36,660	\$ -	\$ -	\$ -	\$ -
Simon Fraser University	11	Andrew Petter, President and Vice-Chancellor	\$ -	\$ -	\$ -	\$ 7,175	\$ 26,510	\$ 1,250
Insurance Corporation of BC	12	Brian Jarvis, Vice President Claims	\$ -	\$ 1,961	\$ -	\$ 3,553	\$ 498	\$ -
Vancouver Island Health Authority	13	Brendan Carr, President & Chief Executive Officer	\$ -	\$ -	\$ -	\$ 6,547	\$ -	\$ 825
Interior Health Authority	14	Robert Halpenny, CEO	\$ -	\$ 2,669	\$ -	\$ -	\$ 2,318	\$ 96
Provincial Health Services Authority	15	Carl Roy, President and Chief Executive Officer	\$ -	\$ 11,346	\$ -	\$ 7,800	\$ -	\$ 1,980
University of Victoria	16	Jamie Cassels, President & Vice Chancellor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance Corporation of BC	17	Camille Minogue, Chief Actuary	\$ -	\$ -	\$ -	\$ -	\$ 458	\$ -
University of British Columbia	18	Arvind Gupta, President & Vice Chancellor	\$ -	\$ -	\$ -	\$ -	\$ 1,311	\$ 21,434
BC Hydro	19	Cheryl Yaremko, Executive VP, Finance & CFO	\$ -	\$ 5,400	\$ -	\$ -	\$ -	\$ 2,001
BC Hydro	20	Debbie Nagle, Sr VP & Chief HR Officer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,256

In 2013/14 the 10th ranked executive earned \$489,107 and the 20th ranked executive earned \$423,402

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Public Sector Executive Compensation Reporting Form

BC Hydro and Power Authority

June 2015

Statement of Executive Compensation

Statement of Executive Compensation

PURPOSE

BC Hydro must disclose all compensation provided to the Chief Executive Officer (CEO) and the next four highest ranking executives for the services they have provided to the organization. This document outlines the governance, design, and total value of executive compensation for the fiscal year ending March 31, 2015 for BC Hydro, and its two subsidiaries; Powerex and Powertech.

COMPENSATION DISCUSSION AND ANALYSIS

As a Crown Corporation, BC Hydro designs and administers executive compensation within its approved compensation plan for executives as required under the Public Sector Employer's Act. The Board of Directors, and Governance and Human Resources Committee (GHRC) of the Board also play leadership roles in the development of BC Hydro's overall total compensation philosophy and its application to the Executive Team.

Deviations or changes to BC Hydro's approved executive compensation plan are reviewed and approved by the Board and/or the GHRC prior to submission to the Public Sector Employers Council (PSEC) for final approval.

GOVERNANCE

Executive compensation is reviewed by the Board and the GHRC. The terms of reference (as related to total compensation) for each are outlined below.

Board of Directors

- Approves the CEO compensation structure, and performance-based holdback awards and salary increases, acting upon the recommendation of the GHRC.

GHRC

- Approves the total compensation philosophy.
- Reviews and recommends to the Board of Directors the CEO compensation structure, and performance-based holdback award and salary increase.
- Approves the Executive Team compensation structure, and performance-based holdback awards and salary increases, acting upon the recommendation of the CEO.
- Approves the Executive Team benefit and pension plans, acting upon the recommendation of the CEO.

TOTAL COMPENSATION PHILOSOPHY

BC Hydro's total compensation philosophy is a reflection of the nature of its business and human resource requirements. These characteristics include:

- A long term business planning cycle which includes large, multi-year capital projects
- A need for operational certainty to meet stakeholder expectations of reliable power at a reasonable cost.

The total compensation design at BC Hydro is intended to encourage longer term employment, and balance being able to attract/retain qualified executives with affordability and alignment to public sector executive compensation policy.

External competitiveness is determined by benchmarking to the 50th percentile of BC Hydro's target market for labour on a total compensation basis. BC Hydro's target market includes other Canadian electric utilities, general industry companies of a similar size, and public sector organizations. Compensation is managed within the mandate and policies set by PSEC.

PERFORMANCE BASED PAY

Executives participate in both a merit program and a holdback program which together comprise the performance based pay for the job. The merit program is a review of an individual's performance against the mandate of their role/portfolio and may result in a change in base salary. Executive salaries are currently frozen and have been since 2009.

The objective of the executive holdback program is to put pay at risk, focus the Executive Team on specific performance objectives outlined in BC Hydro's Service Plan and provide a means to recognize achievements.

At the end of the fiscal year (April of each year), each executive summarizes their performance. The process consists of a discussion between the CEO and each Executive Team member about the performance factors, measurement criteria and demonstrated results, including BC Hydro's overall performance. Based on these performance reviews, the CEO determines a final performance score and recommends to the GHRC performance based salary increases and holdback awards for the Executive Team.

Executive holdback awards are based on objectives linked to BC Hydro's performance measures. The F2015 performance measures and results achieved can be viewed in [BC Hydro's Service Plan](http://www.bchydro.com/about/accountability_reports/financial_reports/service_plan.html).
(http://www.bchydro.com/about/accountability_reports/financial_reports/service_plan.html)

ELEMENTS OF THE EXECUTIVE COMPENSATION PLAN

The current executive offer includes the following elements which align to and support the compensation philosophy described above. The design may differ for subsidiary executives and managers.

- **Salary:** A base salary that is determined and approved as described in the preceding sections.
- **Holdback Award:** A holdback award is a portion of salary that can be earned by the executive based on individual and company performance. The maximum holdback award possible is 20% of salary. The maximum holdback award possible for the BC Hydro CEO is 10% of salary.
- **Benefits:** Executives receive comparable benefits available to other management and exempt employees, though the employer paid coverage for life insurance, long term disability, extended health, and vision care are higher. The value of statutory benefits such as employer premiums for WorkSafe BC, Canada Pension Plan, and Employment Insurance are included in the benefit amount reported.
- **Pension:** BC Hydro provides a defined benefit pension plan. The formula for calculating the pension is 2 per cent multiplied by an employee's best 5 average consecutive years of plan earnings multiplied by their years of contributory service. Executives receive additional benefits available through the Executive Pension Plan. These benefits include the option to purchase service, within the guidelines, to a maximum of 5 years.
- **All Other Compensation:** Executives may receive paid parking. The taxable benefit value is reported for paid parking usage. Executives may receive vacation payouts if they were unable to take the vacation days as time off.

3.1 SUMMARY COMPENSATION TABLE BC HYDRO

F2015 Summary Compensation

Name and Position	Salary	Holdback Award	Benefits	Pension	All Other Compensation (see below)	2014/15 Total	Previous Two Years Totals 2013/14 2012/13
Jessica McDonald, President & CEO	\$249,079	\$25,000	\$17,982	\$49,816	\$6,824	\$348,701	
Charles Reid, President & CEO (Former)	\$123,051	\$15,000	\$10,842	\$24,610	\$35,285	\$208,787	\$530,859
Chris O'Riley, Deputy CEO and EVP Capital Infrastructure Project Delivery	\$307,133	\$56,455	\$21,320	\$61,427	\$4,436	\$450,770	\$531,521
Greg Reimer, Executive VP, T&D and Customer Service	\$294,142	\$32,818	\$20,952	\$58,828	\$36,660	\$443,401	\$438,493
Cheryl Yaremko, Executive VP, Finance & CFO	\$269,100	\$47,844	\$20,244	\$53,820	\$7,401	\$398,409	\$376,457
Debbie Nagle, Sr VP & Chief HR Officer	\$274,614	\$40,558	\$20,400	\$54,923	\$2,256	\$392,751	\$396,342

F15 Summary Other Compensation

Name and Position	All Other Compensation	Vacation Payout	Vehicle Allowance	Paid Parking
Jessica McDonald, President & CEO	\$6,824	\$6,824		
Charles Reid, President & CEO (Former)	\$35,285	\$30,717	\$3,700	\$868
Chris O'Riley, Deputy CEO & EVP Capital Infrastructure Project Delivery	\$4,436	\$3,026		\$1,410
Greg Reimer, Executive VP, T&D and Customer Service	\$36,660	\$36,660		
Cheryl Yaremko, Executive VP, Finance & CFO	\$7,401	\$5,400		\$2,001
Debbie Nagle, Sr VP & Chief HR Officer	\$2,256			\$2,256

Notes:

Ms. McDonald started as President & CEO effective July 14, 2014. She received \$29,420 for consulting services invoiced to BC Hydro earlier in F2015 prior to becoming President & CEO.

Mr. Reid retired effective August 1, 2014. He received a payout of \$30,717 of unused vacation time.

Mr. Reid's total annual compensation limit as CEO was \$550,000. The total annual compensation limit for Ms. McDonald as the new CEO is \$495,000, a 10% reduction.

Mr. Reimer received a payout of \$36,660 of unused vacation time.

SUBSIDIARIES

Powerex

F2015 Summary Compensation Table

Name and Position	Salary	Holdback Award	Benefits	Pension	All Other Compensation (see below)	2014/15 Total	Previous Two Years Totals	
							2013/14	2012/13
Teresa Conway, President & CEO, Powerex	\$326,562	\$57,536	\$21,870	\$65,312	\$40,064	\$511,343	\$492,542	\$450,268
Thomas Bechard, Managing Director	\$358,800	\$540,000	\$19,683	\$20,653	\$18,567	\$957,704	\$973,431	\$1,019,687
John Irving, Chief Legal Officer (Former)	\$126,534		\$12,070	\$25,307	\$21,652	\$185,562	\$400,629	\$403,114
Mike MacDougall, Director, BC Market Access, Trade Policy & IT	\$222,327	\$22,350	\$16,435	\$22,595	\$27,615	\$311,322	\$304,805	\$309,317
Amit Budhwar, Director, Risk Management	\$234,679	\$9,420	\$16,729	\$22,538	\$9,439	\$292,805	\$290,806	\$271,726
Janette Lyons, Chief Financial Officer	\$195,561	\$12,775	\$15,798	\$19,008	\$6,635	\$249,778		

F2015 Summary Other Compensation Table

Name and Position	All Other Compensation	Vacation Payout	Paid Parking
Teresa Conway, President & CEO, Powerex	\$40,064	\$37,632	\$2,431
Thomas Bechard, Managing Director	\$18,567	\$16,280	\$2,287
John Irving, Chief Legal Officer (Former)	\$21,652	\$21,652	
Mike MacDougall, Director, BC Market Access, Trade Policy & IT	\$27,615	\$23,956	\$3,659
Amit Budhwar, Director, Risk Management	\$9,439	\$9,439	
Janette Lyons, Chief Financial Officer	\$6,635	\$1,965	\$4,670

Notes:

Ms. Conway received a payout of \$37,632 of unused vacation time.
Mr. Irving retired effective September 18, 2014.

Powertech

F2015 Summary Compensation Table

Name and Position	Salary	Holdback Award	Benefits	Pension	All Other Compensation (see below)	2014/15 Total	Previous Two Years Totals	
							2013/14	2012/13
Don Stuckert, President & CEO Powertech, and VP Technology & Security (Former)	\$255,770	\$28,229	\$19,602	\$51,154	\$10,879	\$365,634	\$355,536	\$357,623
Raymond Lings, Managing Director	\$211,814	\$16,347	\$16,185	\$19,351	\$20,888	\$286,199	\$272,777	\$223,311
Mark Dubois-Phillips, Director, Smart Utility Services (Former)	\$171,066		\$15,098	\$15,330	\$656	\$202,149	\$197,654	
Lei Wang, Director, Software Technologies	\$176,445		\$15,343	\$15,861	\$14,113	\$221,762	\$218,222	
John Vandermaar, Director, High Voltage Lab & Cable Technologies	\$150,487		\$14,726	\$13,299	\$25,352	\$203,863	\$191,080	

F2015 Summary Other Compensation Table

Name and Position	All Other Compensation	Vacation Payout	Paid Parking
Don Stuckert, President & CEO Powertech, and VP Technology & Security (Former)	\$10,879	\$8,176	\$2,703
Raymond Lings, Managing Director	\$20,888	\$20,888	
Mark Dubois-Phillips, Director, Smart Utility Services (Former)	\$656	\$656	
Lei Wang, Director, Software Technologies	\$14,113	\$14,113	
John Vandermaar, Director, High Voltage Lab & Cable Technologies	\$25,352	\$25,352	

Notes:

Mr. Stuckert was terminated effective February 12, 2015 and placed on salary continuance. His earnings while on salary continuance are included in his reported earnings for F2015.

Mr. Dubois-Phillips was terminated effective February 12, 2015 and placed on salary continuance. His earnings while on salary continuance are included in his reported earnings for F2015.

BC Hydro Board Attestation

To: Christina Zacharuk
Interim President & CEO
Public Sector Employers' Council Secretariat
2nd Floor, 880 Douglas St
Victoria, B.C.
V8W 2B7

I am aware of the executive compensation paid in the prior fiscal year and verify that compensation provided was within approved compensation plans.



Janine North

Director, BC Hydro Board of Directors

Chair, Governance and Human Resources Committee


Date

June 23/2015



May 8, 2015

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

Dear Ms. Zacharuk,

Further to the 2014-2015 Public Sector Executive Compensation Reporting Guidelines, I am writing to confirm the following:

- The appropriate committee of the Board of Governors, the Executive Committee, is aware of the executive compensation paid by the University of British Columbia in the 2014-2015 fiscal year;
- The compensation information being disclosed is accurate and includes all compensation paid by the University, foundations, subsidiaries, or any other organization related to or associated with the University. 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; and,
- As Chair of the University's Board of Governors and of the Executive Committee, I verify such compensation was within approved compensation plans, and complies with guidelines.

If you have any questions or comments, please do not hesitate to forward them to me c/o Ms. Reny Kahlon, Director, Board of Governors Secretariat.

Yours truly,

A handwritten signature in dark ink, appearing to read "J. Montalbano".

John S. Montalbano
Chair, UBC Board of Governors



Public Sector Executive Compensation Reporting – Fiscal Year 2014/15

Compensation Philosophy of The University of British Columbia

The University's compensation philosophy is outlined below. However, in fiscal year 2014/15 the government-imposed "salary freeze" for public sector management, including at universities, continued. This was effective September 13, 2012, and remains in place at the date of completing this report.

[1] Material principles and underlying policies and decisions for compensation provided to the President and senior administrators for the most recently completed fiscal year

- As one of the highest ranked universities in Canada, and one of the top 40 universities in the world, UBC seeks to retain and attract the best senior administrators it can by remaining competitive in its compensation practices with other large research-intensive universities represented by the U15 (i.e., leading research-intensive universities in Canada), and in particular the University of Toronto and the University of Alberta, and with the global market for senior administrator talent generally.
- The compensation framework is designed to reward sustained performance.
- In recent years, UBC had to introduce an element of housing assistance into the compensation framework to attract senior administrator talent to Metro Vancouver, particularly UBC's location at the end of a peninsula surrounded by Vancouver's most expensive real estate.
- Higher compensation values are often provided to senior academic roles such as the President, Provost and VP Academic, Deputy Vice Chancellor & Principal at UBC Okanagan, and Vice President Research & International to recognize that they have augmented their core academic roles with very senior administrative responsibilities, and to provide incentives for faculty members to undertake these significant administrative roles.
- Compensation values for senior administrative roles reflect a weighting of public and private sector values, with a clear weighting in favour of the public sector, and more particularly UBC's university competitors in Canada and internationally.
- As approved by the Public Sector Employers' Council (PSEC), the President's arrangement represents the organization's maximum compensation, and all other senior administrators must not exceed 90% of that of the President.



- Pension and benefit arrangements should mirror those of the employee group that most closely approximates the nature of the role. For academic senior administrators, benefits mirror those received by faculty members. For non-academic senior administrators, benefits mirror those received by management staff.
- Annual performance reviews, as described below, are primarily driven by performance, and increases are typically provided as a recurring addition to base salary. This is intended to recognize the prior year's performance and the promise of future performance. In addition, there is a review of internal equity across senior administrator positions.

Responsibility for Senior Administrator Compensation

- The responsibility for senior administrator compensation rests with the Executive Committee of the UBC Board of Governors after receiving recommendations from the President for all senior administrators reporting to him. The foundation of the process is each senior administrator's development of performance objectives at the outset of the performance period. These performance objectives align with the University's strategic priorities and operational imperatives. Actual performance is reviewed against objectives, together with the setting of the next year's objectives. The President is not reviewed for annual salary increases; rather, his salary is established in the employment agreement approved by PSEC and the responsible Minister.

[2] Changes Since Fiscal Year End

- No new policies, actions, or decisions were made after the end of the most recently completed fiscal year that would affect a fair understanding of the compensation of the President and senior administrators for the last fiscal year.



[3] Incentive Plan Performance Targets and Objective Identifiable Measures Related to the Pursuit of Performance Targets

- Arvind Gupta became UBC's 13th President effective July 1, 2014. His compensation package does not include a performance bonus.
- UBC's previous President, Stephen Toope, received a performance bonus in 2014/15 for achievement of 2013/14 goals, including goals related to UBC's strategic plan, personal fundraising, and annual academic and research ranking.

[4] Leaves

- Vacation and academic leaves are provided to the President and senior administrators. These relate to UBC's compensation philosophy in that they comprise an important part of the total compensation package to attract and retain outstanding senior administrators. The maximum vacation permitted is six weeks. Academic leaves are provided as an incentive, common across universities, for faculty members to assume academic senior administrator roles. During these term positions they do not accrue service towards study or sabbatical leaves that they would normally receive as a faculty member under their collective agreement.

Footnote to Summary Compensation Table: UBC Supplemental Arrangement

- The total pension contributions made by the employee and the university in any one year cannot exceed the contribution limit, which is 18% of annual earnings, or \$24,930 for 2014, whichever is less. Salaries exceeding \$177,960 in 2014 would have reached this limit. Excess University contributions are directed to the non-registered supplemental arrangement (SRP).
- The SRP contribution amount is that which the employer would be required to contribute to the Faculty Pension Plan (FPP) if there wasn't a maximum limit imposed by the Income Tax Act.
- The employer is the sole legal and beneficial owner of all assets in the SRP. All assets held in the SRP will be available for general creditors of the employer.
- The employer invests the assets.
- Withdrawals from the SRP are available only at termination, retirement, or death.

THE UNIVERSITY OF BRITISH COLUMBIA



Contact for media and other inquiries:

Susan Danard
Managing Director, Public Affairs
The University of British Columbia
Phone 604.822.2064
susan.danard@ubc.ca

(a) Name and Principal Position	(b) Salary (\$)	(c) Incentive Plan Compensation Paid (\$)	(d) Benefits ¹ (\$)	(e) Pension ² (\$)	(f) All Other Compensation (\$)	(g) Total (\$)	(h) Three Years' Totals
Arvind Gupta President & Vice Chancellor (effective July 1, 2014)	\$335,063 ³	\$0	\$9,319	\$32,840	Perqs: Housing ⁵ \$21,434 Other ⁶ \$5,918	\$404,574	2014/15 = \$404,574 2013/14 = NEW
Stephen Toope, President & Vice Chancellor (up until June 30, 2014)	\$94,500 ⁴	\$50,000	\$4,459	\$48,680	Perqs: Housing ⁵ \$34,461 Other ⁶ \$3,560 ⁶ \$43,616 ⁷	\$279,276	2014/15 = \$279,276 2013/14 = \$587,366 2012/13 = \$582,860
David Farrar, Provost & VP Academic	\$340,000	\$0	\$7,511	\$33,113	Perqs ⁸ \$1,311	\$381,935	2014/15 = \$381,935 2013/14 = \$384,923 2012/13 = \$378,354
Deborah Buszard, Deputy Vice Chancellor & Principal – UBC Okanagan	\$280,000	\$0	\$7,381	\$27,113	Perqs ⁸ \$4,523	\$319,017	2014/15 = \$319,017 2013/14 = \$320,586 2012/13 = NEW
Pierre Oullet, VP, Finance, Resources, and Operations (up until September 6, 2014)	\$127,358 ⁸	\$0	\$2,312	\$12,332	Other \$353,757 ⁹ \$30,000 ¹⁰ \$1,311 ⁶	\$527,070	2014/15 = \$527,070 2013/14 = \$362,994 2012/13 = \$335,343
Barbara Miles, VP Development & Alumni Engagement	\$289,417 ¹¹	\$0	\$7,742	\$28,055	Perqs ⁸ \$6,663	\$331,877	2014/15 = \$331,877 2013/14 = \$323,424 2012/13 = \$322,404



Footnotes:

- [1] Includes employer cost of health & welfare benefits and government benefits (i.e., CPP, WCB, EI). Small year over year changes occur in total compensation while salaries are stable due to variations such as inflationary fluctuations in the cost of health & welfare and government benefits.
- [2] Includes supplemental pension.
- [3] Annualized salary is \$446,500.
- [4] Annualized salary was \$378,000.
- [5] Taxable benefit related to UBC's requirement that the President and his family live in the Norman Mackenzie House on the Vancouver campus.
- [6] Includes benefits and taxable benefits that are permitted annually under the executive's contract, such as health assessments and financial planning, which are used to varying degrees from year to year.
- [7] Earned vacation payout.
- [8] Annualized salary was \$295,800.
- [9] Severance. A new VP, Finance was appointed, effective June 22, 2015; in the interim (approximately 10 months), other VPs were responsible for the portfolio.
- [10] Payment for an adjunct academic appointment and associated responsibilities (separate from role of VP, Finance, Resources & Operations, but paid by UBC, so reported herein).
- [11] Increase was for interim significant additional responsibilities (addition of a second VP portfolio starting in December 2014).

Please note this document was updated for clarity on September 29, 2015.



May 8, 2015

Ms. Kindree Draper, Corporate Relations Director
Public Sector Employers' Council Secretariat
Kindree.Draper@gov.bc.ca

Mr. Pamaljit Gill, Industry Advisor, Management Compensation
HEABC
PamG@heabc.bc.ca

Dear Ms. Draper and Mr. Gill:

**RE: 2014/2015 Compensation Disclosure Report
Statement of Executive Compensation, Provincial Health Services Authority**

I have attached the following:

1. 2014/2015 Statement of Executive Compensation for the Provincial Health Services Authority
2. Completed Excel template
3. Attestation signed by Mr. Wynne Powell, PHSA Board Chair, addressed to the CEO & President of PSEC Secretariat

I can confirm plans and contracts for disclosed executives are entered into the Senior Employee Compensation Database.

Please contact me at 604-675-7410 if you have any questions.

Sincerely,

Lara Barley
Chief Human Resources Officer – Interim
Provincial Health Services Authority

Att.

cc: Shera Clement, Executive Director, Financial Reporting & Controls, Financial Services, PHSA
Janice Kam, Corporate Manager, Financial Policies & Special Projects, Finance
Theresa Kennedy, Interim Chief Communications Officer, PHSA

May 6, 2015

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

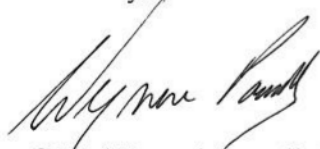
Dear Ms. Zacharuk:

RE: 2014/2015 Statement of Executive Compensation – Provincial Health Services Authority

The 2014/2015 Statement of Executive Compensation of the Provincial Health Services Authority (PHSA) has been reviewed and approved by myself as Board Chair of PHSA. I confirm the following:

- The board 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 PHSA, foundations, subsidiaries or any other organization related to or associated with PHSA. 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.
- Compensation was within approved compensation plans and complies with government guidelines including the Taxpayer Accountability Principles.

Sincerely,



G.W. (Wynne) Powell, CPA, FCGA, D. Tech (Hon.)
Board Chair
Provincial Health Services Authority

Attach.

**Public Sector Executive Compensation Reporting
Provincial Health Services Authority (PHSA)
Statement of Executive Compensation
2014/2015**

COMPENSATION DISCUSSION AND ANALYSIS

PHSA plans, manages and evaluates specialty and province-wide health care services across BC, working with the five geographic health authorities and the First Nations Health Authority to meet local and provincial needs. The goal is to ensure that everyone in the province has access to the kind of specialized health services they need, when they need them, wherever they live.

PHSA achieves this goal by fulfilling three main roles:

1. It is responsible for managing and governing well-known specialized agencies and services including :
 - BC Cancer Agency
 - BC Centre for Disease Control
 - BC Children's Hospital and Sunny Hill Health Centre for Children
 - BC Mental Health Substance Use Services (including Forensic Psychiatric Services and the Burnaby Centre for Mental Health and Addiction)
 - BC Renal Agency
 - BC Transplant
 - BC Women's Hospital & Health Centre
 - Cardiac Services BC
 - Perinatal Services BC
 - Trauma Services BC
2. It plans, coordinates, evaluates and, in some cases funds, specialized services delivered by the regional health authorities. PHSA's role supports the accessibility, quality, efficiency and effectiveness of province-wide programs and services. It plays a lead role in several consolidated service delivery lines including Lower Mainland Pathology and Laboratory Medicine and Information Management/Information Technology Solutions (IMITS).
3. It supports major health system collaboratives through its two divisions:
 - BC Emergency Health Services (including BC Ambulance Service and the Patient Transfer Network)
 - Health Shared Services BC (HSSBC)

Provincial Health Services Authority (PHSA) is a member employer of the Health Employers Association of BC and is governed by the HEABC Compensation Reference Plan. The Plan has been developed pursuant to the statutory requirements of the Public Sector Employers Act and is applied across the member employers of HEABC for non-union, management and executive roles within healthcare. As with other public employers, we are also subject to policies determined by the Public Sector Employers Council Secretariat (PSEC).

Compensation Principles

PHSA's compensation principles are consistent with the compensation principles contained in the Compensation Reference Plan Guidelines. The principles are:

- Jobs not covered by collective agreements will be compensated in a fair and equitable manner.
- Levels of compensation will be valid and defensible to full disclosure, thus ensuring accountability to the public and alignment to the 2014 Taxpayers Accountability Principles of: Cost Consciousness (Efficiency), Accountability, Appropriate Compensation, Service, Respect and Integrity.
- In particular, in respect of the principle of Appropriate Compensation, this means that PHSA complies with a rigorous, standardized approach to performance management and employee compensation which reflects appropriate compensation for work across the public sector that is consistent with government's taxpayer accountability principles and respectful of the taxpayer.
- To ensure equity, appropriate systems will measure and recognize the composite value of the skill, effort, level of responsibility and working conditions involved in performing the duties of jobs across the health care sector.

Compensation Policy Objectives

PHSA's Compensation Policy Objectives are consistent with the compensation policy objectives contained in the Compensation Reference Plan Guidelines. Like other Health Authorities, PHSA has been subject to a management wage freeze since September 2012. The objectives as outlined are as follows:

- Health care's non-contract compensation plan would address the expectations of trustees, employers, employees and the Government.
- A defensible compensation system responds to broad equity issues. The compensation system recognizes the responsibility of the health care sector to establish compensation levels that acknowledge fairness and the public's ability to pay.
- Compensation levels must be at a level so that health care employers can attract, motivate, and retain qualified individuals. Fundamental to this statement is the fact that health care compensation practices cannot lead the market. This ensures that taxpayers receive the maximum benefits from qualified individuals occupying jobs within the health care sector.
- Compensation levels must be competitive to control unnecessary levels of turnover.
- Compensation levels will be based on an analysis of internal and external compensation levels. The comparison would consider the type and range of organizations from which health care sector employers must recruit and retain highly qualified individuals.
- Internal equity requires that compensation be relative to the worth of jobs as measured by the composite value of skill, effort, responsibility and working conditions. External equity requires that compensation be relative to an acceptable composite market.

- Compensation should reinforce and reward performance. Employers shall establish measurable performance standards.
- Compensation policies should comply with the intent and requirements of legal obligations by being non-discriminatory in nature.
- Compensation policies and programs must be designed to be efficiently administered. The salary ranges will group jobs of similar value, and common impact and magnitude.

Compensation Survey

HEABC is responsible for conducting an annual cash compensation survey to ensure appropriate internal and external equity are maintained.

Job market matches shall be appropriate to the type of position: local for administrative support positions; and provincial or national for managerial positions and provincial, national and international for executive positions. The comparison of compensation shall be to relevant external labour markets.

Compensation Reference Ranges

HEABC is responsible for providing healthcare employers with reference salary ranges. The reference salary ranges will be based on the 50th percentile of the blended health care and external market pay policy lines. The salary reference ranges will include provisions for an adequate range and spread of salary rates to reflect developmental, job standard, and above standard rates.

PHSA establishes salary ranges that conform to the reference salary ranges.

The comparison ratio calculation is the total of the organization's actual salaries divided by the total of the appropriate market reference rates. Employers are responsible to administer salaries within the reference salary ranges.

Circumstances may require employers to establish job rates that exceed the recommended market reference rates. These circumstances typically are the result of supply and demand factors, or unusual or emergent conditions within the organization. Employers, in consultation with HEABC, may establish job rates that exceed the recommended reference rates. The organization's overall comparison ratio should not exceed the recommended target.

Circumstances may require employers to extend geographic cost of living considerations in determining the final salaries of executive and non-contract employees. Employers may include a geographic cost of living component provided the organization's overall comparison ratio does not exceed the recommended range.

Circumstances may require employers to address compression or inversion issues between non-contract staff and directly supervised bargaining unit employees. A premium differential of up to 15% may be established where there is a functional supervisory role, with responsibility and accountability for outcomes. This premium differential does not form part of the comparison ratio calculation.

Organization Information Plan

The Organization Information Plan provides a means of grouping organizations with similar characteristics for the purpose of comparing pay practice of these groupings to a relevant external market.

HEABC is responsible for providing healthcare employers with a copy of the Organizational Information Questionnaire (OIQ), instructions on how it should be used, and consulting assistance in order to complete and accurately collect the required information.

Role Assessment Plan

The Role Assessment Plan provides a means of establishing an equitable hierarchy of jobs/roles within an organization, as well as a comparison of jobs/roles across the healthcare sector. The hierarchy of jobs/roles is determined by assessing the skill, effort, responsibility, and working conditions inherent in all jobs/roles in healthcare.

HEABC is responsible for providing the Role Assessment Plan, the Questionnaire, and consulting advice and education on the application of the system. HEABC works with health care employers to ensure the consistent application of the plan through periodic reviews and helps to resolve differences on the application of the plan.

Application of the Compensation Reference Plan

Newly hired employees are placed on the appropriate salary range based on the new hire's work experience, skills, and competencies for placement within the salary range established for the job, in most circumstances, not to exceed the Competitive Market Rate for the job. PHSA has established job rates (Competitive Market Rates) for individual jobs or job classifications consistent with the mandated 50th percentile.

Performance reviews are conducted annually (April each year) using a comprehensive employee performance and development plan tool. The amount of adjustments varies based on the employee's performance evaluation score and the competitive market rate established for the job. Under new PSEC rules for health sector CEOs, a 10% holdback of annual salary was applied to the CEO's compensation and is to be paid based upon achievement of Board approved performance outcomes.

Executive Compensation

The CEO and each named executive officer (NEO) is reported in the Summary Compensation Table of this disclosure pursuant to the Public Sector Executive Compensation Reporting Guidelines. We are unique from the other health authorities, in that PHSA has a specialized and province-wide mandate. As such we provide highly specialized services in areas such as oncology, paediatrics, psychiatry and perinatal care. As a result, we employ a higher number of specialists than other health authorities. In addition, due to our structure, we are responsible for and report out on the Agencies and Services that comprise PHSA, the senior leaders of which are employees of those Agencies/Services or may be paid in whole or in part by a partner organization (eg. an academic centre).

Benefits

PHSA executive benefit package (Standard Executive Benefit Plan – refreshed in January 2015) is comparable to other health sector employers in British Columbia and includes the following key elements:

Medical Services Plan

The PHSA covers the premium costs for participation of the employee and their eligible dependent(s) in the British Columbia Medical Services Plan.

Extended Health Benefits Plan

The Plan provides employees and their dependent(s) with prescription drug reimbursement and other approved paramedical services subject to yearly maximum levels and a deductible of \$100/year effective January 2015. Premium costs are paid by the PHSA.

Dental Plan

PHSA pays the cost of a Dental Plan that provides to the employee and their dependent(s) 100% reimbursement for Basic Services, Prostheses, Crowns, Bridges, and Orthodontics.

Group Life Insurance

This plan provides a non-evidenced benefit of five (5) times annual salary to a maximum of \$1,000,000 to the beneficiary or estate of a deceased employee. PHSA pays the cost of premiums.

Dependent Group Life Insurance

This plan provides for \$10,000 spousal insurance and \$5,000 insurance for each dependent child. PHSA pays the cost of premiums.

Accidental Death and Dismemberment

This plan provides up to five (5) times annual salary to a maximum non-evidenced coverage of \$1,000,000 in the event of accidental death or dismemberment. PHSA pays the premium costs.

Long Term Disability Insurance

This plan provides continuing income in the event of total disability after a qualifying period. The taxable benefit is 77% of pre-disability gross salary to a maximum non-evidenced monthly benefit of \$10,000. PHSA pays the premium costs.

Sick Bank

While incapacitated for non-occupational illness or injury, sick leave credits shall be accumulated on the basis of one and one-half (1½) work days per month, cumulative up to one hundred and fifty-six (156) work days; prorated for part-time employees.

Pension Plan

Eligible executives participate in the Municipal Pension Plan or the Public Service Pension Plan.

Perquisites

The CEO and COO are provided a vehicle allowance. Parking is paid for by PHSA for the CEO and executive staff located at PHSA's corporate office.

Annual Leave

Subject to portability rules, executives are eligible for annual vacation entitlements as follows:

- Up to a maximum of twenty (20) days after one (1) year of service and up to four (4) years of service.
- After four (4) years of continuous service, one (1) additional day for each additional year of employment, up to a maximum of thirty-five (35) days.

**Public Sector Executive Compensation Reporting
Provincial Health Services Authority (PHSA)
Statement of Executive Compensation**

Summary Compensation Table at FISCAL, 2015

Name and Position (a)	Salary (b)	Bonus and / or Incentive Plan Compensation (c)	Benefits (d)	Pension (e)	All Other Compensation (expanded below)	2014/15 Total	Previous Two Years Totals 2013/14 2012/13
Carl Roy, President and Chief Executive Officer	\$ 311,501	\$ 34,700	\$ 12,727	\$ 29,763	\$ 21,126	\$ 409,818	\$ 348,229 \$ 316,905
Arden Krystal, Executive Vice President and Chief Operating Officer	\$ 273,000	-	\$ 15,657	\$ 25,982	\$ 9,240	\$ 323,878	\$ 320,385 \$ 306,928
Leslie Arnold, Vice President, Provincial Child Health and Provincial Mental Health & Substance Use	\$ 268,320	-	\$ 8,821	\$ 24,499	\$ 6,195	\$ 307,835	\$ 313,693 \$ 312,163
Linda Lupini, Executive Vice President, PHSA & BCEHS	\$ 271,237	-	\$ 13,023	\$ 25,815	\$ 3,925	\$ 314,000	\$ 286,029 \$ 20,479
Max Coppes, President, BC Cancer Agency	\$ 400,000	-	\$ 21,618	\$ 39,058	\$ 46,934	\$ 507,610	\$ 561,356 \$ 391,182
Nick Foster, Interim Vice President, Provincial Cancer Care and Head of BC Cancer Agency	\$ 220,051	-	\$ 12,430	\$ 20,739	\$ 13,877	\$ 267,096	\$ 248,585 \$ 237,076

Summary Other Compensation Table at FISCAL, 2015

Name and Position (a)	All Other Compensation	Severance (f)	Vacation payout (g)	Leave payout (h)	Vehicle / Transportation Allowance (i)	Perquisites / other Allowances (j)	Other (k)
Carl Roy, President and Chief Executive Officer	\$ 21,126	\$ -	\$ 11,346	\$ -	\$ 7,800	\$ -	\$ 1,980
Arden Krystal, Executive Vice President and Chief Operating Officer	\$ 9,240	\$ -	\$ -	\$ -	\$ 7,800	\$ -	\$ 1,440
Leslie Arnold, Vice President, Provincial Child Health and Provincial Mental Health & Substance Use	\$ 6,195	\$ -	\$ 6,195	\$ -	\$ -	\$ -	\$ -
Linda Lupini, Executive Vice President, PHSA & BCEHS	\$ 3,925	\$ -	\$ 2,485	\$ -	\$ -	\$ -	\$ 1,440
Max Coppes, President, BC Cancer Agency	\$ 46,934	\$ -	\$ 46,274	\$ -	\$ -	\$ -	\$ 660
Nick Foster, Interim Vice President, Provincial Cancer Care and Head of BC Cancer Agency	\$ 13,877	\$ -	\$ 4,231	\$ -	\$ -	\$ -	\$ 9,646

**Public Sector Executive Compensation Reporting
Provincial Health Services Authority (PHSA)
Statement of Executive Compensation**

Notes:

Certain employees with ten or twenty years of service and having reached a certain age are entitled to receive special payments upon retirement or as specified by collective agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service. Credits are paid out at the time of leaving the workforce if the person leaves on or after age 55 upon retirement, termination, death or disability. No payout is made in the event that the employee is dismissed with just cause.

Carl Roy, President and Chief Executive Officer

1. Effective January 20, 2014, Carl Roy was appointed as the President and CEO of PHSA. His annualized base salary is \$347,000 and the new pay structure took effect April 1, 2014.
2. In his former role as the Interim President and CEO, Carl Roy's annualized base salary was \$295,000
3. Deferred vacation payout (column g) for FY2013-14 vacation time earned but not taken.
4. Other Compensation (column k) includes employer paid parking.
5. Under new PSEC rules for health sector CEOs, a 10% holdback of annual salary was applied and is to be paid based upon achievement of Board approved performance outcomes. The final payment amount will be confirmed by the Board in June 2015.
6. The increase in total FY2014-15 compensation is due to his new position within the organization and the 10% salary holdback.

Arden Krystal, Executive Vice President and Chief Operating Officer

1. Other Compensation (column k) includes employer paid parking.

Leslie Arnold, Vice President, Provincial Child Health and Provincial Mental Health & Substance Use

1. Deferred vacation payout (column g) for FY2013-14 vacation time earned but not taken.

Linda Lupini, Executive Vice President, PHSA & BCEHS

1. Effective April 10, 2014, Linda Lupini was appointed Executive VP, PHSA & BCEHS with an annualized base salary of \$272,485.
2. In her former role as the Chief Human Resources Officer, Linda Lupini's annualized base salary was \$255,400.
3. Deferred vacation payout (column g) for FY2013-14 vacation time earned but not taken.
4. Other Compensation (column k) includes employer paid parking.
5. The increase in total FY2014-15 compensation is due to her new position within the organization.

Max Coppes, President, BC Cancer Agency

1. Max Coppes resigned December 31, 2014.
2. Vacation payout (column g) consists of \$11,282 for FY2013-14 vacation earned but not taken and \$34,992 for FY14-15 vacation earned but not taken.
3. Other Compensation (column k) includes employer paid parking.
4. Between April and December 2014, the BC Cancer Foundation paid Max Coppes an additional \$60,288 for services performed.

Nick Foster, Interim Vice President, Provincial Cancer Care and Head of BC Cancer Agency

1. In his former role as the Chief Operating Officer of BC Cancer Agency, Nick Foster's annualized base salary was \$220,000.
2. Effective Nov 3, 2014 Nick Foster was appointed Interimly to Max Coppes' former portfolio. 10% additional pay was effective Nov 3, 2014 and the payment (column k) was processed on May 1, 2015.



British Columbia Securities Commission

Christina Zacharuk
Interim President & CEO
Public Sector Employers' Council Secretariat
Suite 210, 88 Douglas Street
Victoria BC
V8W 2B7

Dear Ms. Zacharuk,

I confirm that the BCSC Board is aware of the executive compensation paid in fiscal 2014/15 and confirm that the compensation provided was within our approved compensation plan. The compensation information being disclosed is accurate and includes all compensation paid by the employer.

Yours truly,

Brenda M. Leong
Chair and Chief Executive Officer

Compensation structure

We are accountable to the provincial legislature and the public through the Minister of Finance. Our compensation plan requires *Public Sector Employers' Council* approval.

The BCSC manages its compensation through effective internal governance policies (see page x for more information) and practices, including as follows:

- Our Audit and Human Resources committees comprise only independent commissioners appointed by the Lieutenant Governor-in-Council
- The Audit Committee oversees the BCSC's annual budget and the Human Resources Committee oversees the design and administration of BCSC performance management and compensation practices
- Semi-annually, the Human Resources Committee reviews the chair's performance against her objectives. In consultation with the chair, the Human Resources Committee reviews the performance of other executives and senior managers
- The Human Resources Committee recommends, for board approval, the chair's compensation
- The chair and executive director consult the Human Resources Committee on the compensation of other executives and senior managers
- Government has frozen executive and management salaries

We compete with law and accounting firms, the securities industry, and other securities regulators to hire and retain professional staff with securities market expertise.

Compensation philosophy

Our goal is median compensation. We strive to offer remuneration comparable to that offered by competing organizations. To remain competitive, we conduct salary surveys and propose adjustments when surveyed position salaries are significantly below the median. Like most of our competitors, our compensation plan includes performance-based salary increases.

Fiscal 2015 compensation summary (in dollars)

Position	Name	Base	Pension	Other⁽¹⁾	2015	2014	2013
Executive Commissioners							
Chair	Brenda M. Leong	434,748	46,714	17,789	499,251	499,251	499,251
Vice Chair	Nigel P. Cave ⁽²⁾	329,516	-	10,484	340,000	28,022	-
Senior Management							
Executive Director	Paul Bourque	334,312	35,736	20,245	390,293	387,326	400,000
Director, Enforcement	Teresa Mitchell-Banks	241,967	25,643	16,214	283,824	286,048	114,446
Director, Corporate Finance	Peter Brady	226,623	23,966	17,421	268,010	268,729	99,410

Position⁽³⁾	Name	Fees	Other⁽⁴⁾	2015	2014	2013
Independent Commissioners						
Commissioner	Judith Downes	140,100	2,626	142,726	87,537	8,541
Commissioner	Chris Farber	56,175	2,102	58,277	5,190	N/A
Commissioner	George C. Glover, Jr.	128,213	122	128,335	119,606	15,856
Commissioner	Audrey T. Ho	127,175	2,631	129,806	85,407	12,256
Commissioner	Gordon Holloway	68,575	2,598	71,173	59,666	N/A
Commissioner	Don Rowlett	96,675	127	96,802	66,907	89,921
Commissioner	Suzanne K. Wiltshire	143,550	2,627	146,177	132,730	89,651
Retired Commissioners		4,500	8	4,508	47,200	223,215

Total Commissioner compensation is fees for all activities including attendance at meetings and hearings. Independent commissioner workloads increased in fiscal 2015. Commission panels heard more matters, the hearings took longer and there were more complex matters than in fiscal 2014. In addition, the former vice chair retired in August 2014 and the orderly transition of his tribunal responsibilities to the incoming vice chair required additional support from the independent commissioners. Our Independent Commissioner [compensation policy](#) is located on the BCSC website.

¹ Other includes long-term disability plan premiums, Canada Pension Plan premiums, parking and transit, extended health and dental plan premiums, professional membership fees, Medical Services Plan premiums, Employment Insurance premiums, Worksafe premiums, group life insurance premiums, and fitness reimbursements.

² Appointed February 28, 2014.

³ These are part-time positions.

⁴ Other includes Canada Pension Plan premiums and Worksafe premiums.

Summary Compensation Table at FISCAL, 2015

Name and Position (a)	Salary (b)	Bonus and / or Incentive Plan Compensation (c)	Benefits (d)	Pension (e)	All Other Compensation (expanded below)	2014/15 Total	Previous Two Years Totals	
							2013/14	2012/13
Brenda Leong, Chair	\$ 434,748	\$ -	\$ 11,020	\$ 46,714	\$ 6,769	\$ 499,251	\$ 499,251	\$ 499,251
Nigel Cave, Vice Chair	\$ 329,516	\$ -	\$ 8,138	\$ -	\$ 2,346	\$ 340,000	\$ 28,022	\$ -
Paul Bourque, Executive Director	\$ 334,312	\$ -	\$ 10,926	\$ 35,736	\$ 9,319	\$ 390,293	\$ 387,325	\$ 400,000
Teresa Mitchell-Banks, Director, Enforcement	\$ 241,967	\$ -	\$ 8,777	\$ 25,643	\$ 7,437	\$ 283,824	\$ 286,048	\$ 114,446
Peter Brady, Director, Corporate Finance	\$ 226,623	\$ -	\$ 9,232	\$ 23,966	\$ 8,189	\$ 268,010	\$ 268,728	\$ 99,410
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Summary Other Compensation Table at FISCAL, 2015

Name and Position (a)	All Other Compensation	Severance (f)	Vacation payout (g)	Leave payout (h)	Vehicle / Transportation Allowance (i)	Perquisites / other Allowances (j)	Other (k)
Brenda Leong, Chair	\$ 6,769	\$ -	\$ -	\$ -	\$ 5,445	\$ -	\$ 1,324
Nigel Cave, Vice Chair	\$ 2,346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,346
Paul Bourque, Executive Director	\$ 9,319	\$ -	\$ -	\$ -	\$ 5,445	\$ -	\$ 3,874
Teresa Mitchell-Banks, Director, Enforcement	\$ 7,437	\$ -	\$ -	\$ -	\$ 5,445	\$ -	\$ 1,992
Peter Brady, Director, Corporate Finance	\$ 8,189	\$ -	\$ -	\$ -	\$ 5,445	\$ -	\$ 2,744
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Notes:

Brenda Leong, Chair	
Nigel Cave, Vice Chair	
Paul Bourque, Executive Director	
Teresa Mitchell-Banks, Director, Enforcement	
Peter Brady, Director, Corporate Finance	
Other (i) includes: Employer paid parking	
Other (k) includes: Profesional membership fees	



April 29, 2015

Ms. Christina Zacharuk
Interim President & CEO
Public Sector Employers' Council Secretariat
2nd Floor, 880 Douglas Street
Victoria, B.C.
V8W 2B7

Dear Ms. Zacharuk,

Re: 2014 Statement of Executive Compensation – ICBC

On behalf of the Board of Directors of ICBC, attached is ICBC's Statement of Executive Compensation for the fiscal year ending December 31, 2014.

As per the Public Sector Executive Compensation Reporting Guidelines, I, the undersigned, hereby attest the following:

- The board is aware of the executive compensation paid in the 2014 fiscal year.
- The compensation information being disclosed is accurate and includes all compensation paid by the employer, foundations, subsidiaries, or any other organization related to or associated with the employer.
- Compensation provided was within approved compensation plans and complies with these guidelines.

Yours truly,

Walter Gray
Chair, ICBC Board of Directors

Enclosure(s)



INSURANCE CORPORATION OF BRITISH COLUMBIA

Statement of Executive Compensation

Reporting Period: Fiscal Year 2014
(January 1, 2014 – December 31, 2014)

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2. Governance
3. Compensation Discussion and Analysis
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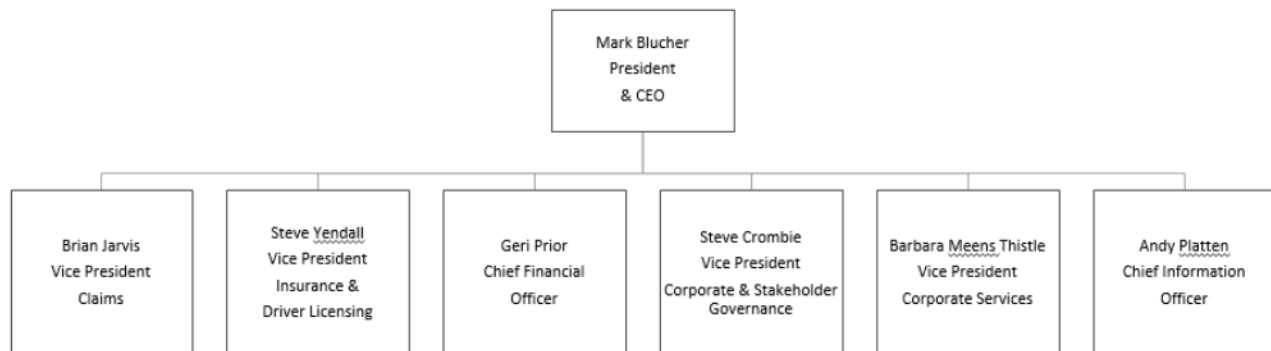
INSURANCE CORPORATION OF BRITISH COLUMBIA

2014 STATEMENT OF EXECUTIVE COMPENSATION

1. INTRODUCTION

ICBC is a provincial Crown corporation established in 1973 to provide universal auto insurance, driver licensing, and vehicle licensing and registration to BC motorists. ICBC is a complex, multi-billion dollar company that requires talented management and staff. ICBC's total compensation philosophy is to provide market-competitive total compensation to attract and retain the required skills, talent, and experience at an affordable cost to taxpayers and ratepayers.

In 2014, Executives of ICBC, in conjunction with the Board of Directors, made key changes to the way that ICBC operated and further renewed the corporate strategy, which is to operate in a low-cost, operationally excellent manner and deliver value to taxpayers and ratepayers. These changes include refinements to the operational model and organizational structure of ICBC to ensure successful execution of the corporate priorities. As a result, Executives reporting to the CEO were reduced from 8 to 6 positions. Under a smaller and renewed executive leadership team, the following Executives are responsible for leading the management of ICBC's business and the implementation of its corporate strategy:



In accordance with the guidelines provided by the Public Sector Employer's Council ("PSEC"), ICBC must disclose all compensation that is both accrued and paid to the President and Chief Executive Officer ("CEO") and the next four highest paid "Named Executive Officers" ("NEOs") with an annualized base salary of \$125,000 or greater during the fiscal year. The following outlines the governance, compensation philosophy, and total value of executive compensation for services during the 12 months of the fiscal year ended December 31, 2014.

2. GOVERNANCE

Executive compensation is reviewed by both the Board and the Human Resources and Compensation Committee (the "Committee"). Among with responsibilities, the terms of reference as related to total compensation for each are outlined below.

Board of Directors

- Approve the CEO's compensation package and performance against pre-determined annual objectives.
- Approve the total compensation strategy and philosophy to be applied to all ICBC employees.

- Review and approve all compensation matters acting upon the advice of the CEO and upon recommendation of the Committee.
- In its sole discretion, review and amend the payment level of the annual incentive plan to better reflect the actual performance of the Corporation.

Human Resources and Compensation Committee

- Review and recommend the Corporation's compensation and benefits philosophy, strategy, and guidelines and review their compliance with laws and any applicable guidelines established by PSEC.
- Review and make recommendations to the Board respecting the administration of pension plans of which ICBC is an administrator and ensure the obligations of ICBC as administrator of those plans are met.
- Review and approve before implementation, any proposed change to a pension plan.
- In consultation with the CEO, review and recommend the compensation, including incentive, benefit and retirement plans, for the Executive team.
- Review the annual Executive Compensation Disclosure Statement as required by the PSEC.
- For purposes of administering the Holdback Incentive Plan, review and recommend to the Board the annual corporate framework and targets for the Holdback Incentive Plan.
- For the purpose of administering the Holdback Incentive Plan based on corporate performance, review year-end corporate results and recommend to the Board any recognition of corporate performance for the purpose of incentives calculation and the level of that performance.
- Review and recommend the CEO's compensation, including incentive, benefit and retirement plans, to the Board for approval, subject to legislative guidelines then in effect.

3. COMPENSATION DISCUSSION AND ANALYSIS

ICBC's executive compensation is guided by the Crown Corporation Executive Compensation Policy, linked to its strategic interests and objectives, and balanced with ensuring alignment to the broader public sector.

ICBC's compensation programs generally apply to all Executives and Management Group employees, with some Executive and CEO exceptions as noted herein. There is currently a freeze on public sector salary increases. Annual salary increases and incentive compensation, when granted, are variable and based on public policy, corporate and individual performance. The Board of Directors (the "Board") sets the CEO's total compensation within the guidelines set by PSEC and applicable legislation.

3.1 Summary of Compensation Program Changes in 2013/2014

In response to the 2012 Government Review of ICBC, to better align ICBC's compensation programs with the broader public sector, ICBC made the following changes to their compensation programs approved by the Board and PSEC:

- Amendment to ICBC's total compensation philosophy for Executives and Management Group employees;
- Amendment to Short-Term Incentive Pay ("STIP") plan to Holdback Incentive Pay ("HIP") plan for Executives and Management Group employees;
- Eliminated the treatment of HIP pay as pensionable earnings for newly hired Executives and

Management Group employees;

- Eliminated perquisite allowances for previously eligible senior leadership; and,
- Eliminated post-employment benefits for newly hired Executive and Management Group employees.

3.2 Total Compensation Philosophy

Executive Compensation

ICBC forgoes labour market comparisons for Executive positions and makes Executive compensation decisions entirely based on PSEC policy. As Executive compensation is set by public policy, market comparisons of any nature are only illustrative for guidance, not determinative.

Management Group Compensation

ICBC's total compensation programs for Management Group employees below the Executive level are designed to be market competitive, while remaining affordable to ratepayers. The programs are designed to reward performance, ensuring that there is a clear link between what employees bring to their role, their contribution to results, and their total compensation.

ICBC's total compensation philosophy is based on the principles of:

- Targeting Management Group total compensation to ICBC's labour market comparator group;
- Using a total compensation approach to establish compensation levels (base pay, incentive pay, benefits, pension, and paid time off); and,
- Alignment to the broader public sector.

ICBC's total compensation programs are designed to:

- Attract and retain the talent required to meet ICBC's goals and objectives while remaining affordable to ratepayers;
- Reward performance when merited; and,
- Reward and recognize those with strong leadership skills.

ICBC benchmarks its total compensation levels at the market median (i.e. the 50th percentile) for similar positions within the labour markets in which ICBC competes for talent and to be more in line with the public sector. ICBC's target labour market included other Canadian property and casualty insurance companies, Canadian public sector, and general industry companies of similar size which also include Saskatchewan Government Insurance, Manitoba Public Insurance, and the BC Public Service Agency.

3.3 Total Forms of Executive Compensation

a) Base Salary

Executive compensation is set by public policy. During years where there is no salary freeze, the Committee annually reviews, for recommendation to the Board and then approval by PSEC, adjustments to the salary range structure and the annual salary budget, if any. Salary increases for Executives, if granted, are based on their individual employee performance. At the beginning of the year, a performance plan is developed for each Executive, which outlines their responsibilities and objectives for the year. At the end of the year, the Executive is rated against the targets.

The salary freeze as announced by the Board in August 2012 remains in effect for all Executives and Management Group employees. As a result, there have been no adjustments to ICBC's salary range structures and no performance-based salary increases granted since 2012.

b) Holdback Incentive Plan

Effective January 1, 2014, the Short-Term Incentive Pay ("STIP") plan was amended to Holdback Incentive Pay ("HIP") plan, approved by the Board and PSEC. The HIP plan reduces the incentive pay opportunity and eliminates the ability to earn more than 100% of target for outstanding corporate and/or individual performance. The HIP plan is designed to provide a single overall corporate focus that is shared by all Executives and Management Group employees, as well as individual targets in the HIP plan for personal contribution to the successful execution of the corporate strategic objectives.

HIP is a variable component of the CEO's and the NEO's total annual cash compensation. Their HIP reward is tied to meeting corporate and individual performance objectives with a maximum target of 20%. The respective weight of these two components varies by job level to reflect the level of influence on the corporate objectives. The HIP components' weightings are 75% corporate performance and 25% individual performance for the CEO and 60% corporate and 40% individual for the rest of the Executives.

A financial trigger is also built in within the HIP plan to ensure a minimum level of corporate performance occurred and that this funds ICBC's ability to pay a performance-based incentive for eligible employees. The financial trigger is determined by the outcome of net income for the fiscal year and is reviewed and set by the Board on an annual basis.

The final HIP payment are subject to the actual outcome of net income for a fiscal year and must first meet the pre-defined corporate financial trigger before any payment is made. If the actual net income is below target, HIP payments at all job levels will be reduced or eliminated.

In 2014, ICBC's corporate performance was measured against five equally-weighted components, in support of corporate priorities:

1. **Optional Capital Net of Transformation Program Reserve:** Optional capital means the Minimum Capital Test ("MCT") for ICBC's Optional insurance capital reserve. MCT is an industry measure to determine if ICBC has sufficient capital to protect policyholders from financial risk and provide long-term financial stability. Essentially, it represents the financial strength of ICBC's Optional business.
2. **Combined Ratio:** The Combined Ratio is a key measure of overall profitability in the insurance industry and is calculated as the ratio of all costs (claims and claims-related costs, administrative costs, acquisition costs and non-insurance costs) to all insurance premium dollars earned.
3. **Net Income:** Net income is the difference between total revenue earned (premiums, service fees and investment income) and total expenses (claims incurred, operating costs, acquisition costs and non-insurance expenses). Net income contributes to retained earnings which helps protect policyholders against significant unexpected losses and volatile rates.
4. **Focus on Bodily Injury Costs:** The bodily injury cost is total amount of loss and expense payments that is paid to investigate and settle all BI claims from crashes occurred in a year. Keeping the bodily injury costs under control is a key corporate priority.
5. **Achieve Goals of Corporate Plan Projects:** ICBC continues its journey to modernize the company and build a stronger foundation to improve the customer offerings. Project goals,

milestones, and success that form part of the corporate objectives are measured and reviewed by the Board on an annual basis.

c) Vacation

ICBC provides six weeks of vacation per year to the CEO. NEOs are provided with four weeks of vacation and an additional two weeks of vacation in every fifth year of employment for that year only. Unused annual vacation can be carried forward to the following calendar year, which will be paid out to limit ICBC liability if it has not been used by the end of the subsequent calendar year.

d) Pension

ICBC provides a contributory defined benefit pension plan, which is the basic plan for all Executives. In addition to the basic pension plan, Executives are eligible for the Supplemental Employee Retirement Plan ("SERP").

Both the basic pension plan and the SERP are valued at the average current service cost for Executives, less the average member contributions. A portion of HIP is treated as pensionable income for Executives based on their position and date of hire. Incentive pay is non-pensionable for Executives hired on or after September 1, 2013.

e) Health and Wellness Benefits

ICBC provides a benefit program for Executives and their immediate families. Programs include provincial medical, extended health, dental, group life, short and long term disability, travel accident insurance, Executive Health Assessment, and an Employee and Family Assistance Program.

Voluntary, employee funded programs are available for life insurance, accidental death and dismemberment insurance and group RRSP.

Executives hired on or after September 1, 2013 are ineligible for the management post-employment benefits program.

4 SUMMARY COMPENSATION TABLE

The table below provides a summary of total compensation for ICBC's CEO and next four highest paid NEO's for fiscal year 2014.

Summary Compensation Table at FISCAL, 2014

Name and Position	Salary	Holdback Incentive Plan Compensation	Benefits	Pension	All Other Compensation (expanded below)	Total	Previous Two Years Totals	
						2014	2013	2012
Mark Blucher, President & CEO ¹	\$ 346,976	\$ 52,428	\$ 17,532	\$ 58,712	\$ 756	\$ 476,405	\$ 457,709	\$ 412,624
Geri Prior, Chief Financial Officer ²	\$ 343,414	\$ 55,248	\$ 17,956	\$ 58,603	\$ 13,848	\$ 489,069	\$ 489,107	\$ 461,645
Brian Jarvis, Vice President Claims	\$ 297,050	\$ 47,789	\$ 15,901	\$ 50,691	\$ 6,012	\$ 417,445	\$ 433,103	\$ 334,526
Sheila Eddin, former Vice President Transformation ³	\$ 262,809	\$ 46,609	\$ 16,705	\$ 49,439	\$ 83,928	\$ 459,489	\$ 423,402	\$ 401,702
Camille Minogue, Chief Actuary	\$ 294,949	\$ 49,374	\$ 13,442	\$ 43,077	\$ 458	\$ 401,300	\$ 409,593	\$ 391,099

Summary Other Compensation Table at FISCAL, 2014

Name and Position	All Other Compensation	Severance	Vacation payout	Leave payout	Vehicle / Transportation Allowance	Perquisites / other Allowances	Other
Mark Blucher, President & CEO	\$ 756	\$ -	\$ -	\$ -	\$ 756	\$ -	\$ -
Geri Prior, Chief Financial Officer	\$ 13,848	\$ -	\$ 12,614	\$ -	\$ 736	\$ 498	\$ -
Brian Jarvis, Vice President Claims	\$ 6,012	\$ -	\$ 1,961	\$ -	\$ 3,553	\$ 498	\$ -
Sheila Eddin, former Vice President Transformation	\$ 83,928	\$ 26,903	\$ 55,838	\$ -	\$ 690	\$ 498	\$ -
Camille Minogue, Chief Actuary	\$ 458	\$ -	\$ -	\$ -	\$ -	\$ 458	\$ -

Notes:

¹ Mark Blucher's total compensation is higher than that of the previous year because he was promoted to CEO in November 2013 and his 2014 total compensation reflects the first full year of earnings as CEO.

² Geri Prior's total compensation is slightly higher than that of the CEO primarily due to the unused vacation payout in 2014.

³ Sheila Eddin left ICBC effective December 1, 2014. Her 2014 total compensation includes salary continuance and payout of unused vacation.

**PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
BRIEFING NOTE - FOR INFORMATION**

PREPARED FOR: Honourable Michael de Jong, Q.C.
Minister Responsible for the *Public Sector Employers Act*

TITLE: Public Sector Compensation Review / K-12 approach and process

ISSUE: K-12 sector-wide proposal for implementing recommendations of the BC Public Sector Compensation Review and wage freeze flexibility.

BACKGROUND:

The Minister Responsible for the *Public Sector Employers Act* directed PSEC to implement a public sector framework for the adoption of a common compensation philosophy, supporting the recommendations of the BC Public Sector Compensation Review. The direction also includes an opportunity for employers to exercise some limited flexibility within the management compensation freeze, with the review and approval by PSEC.

The four core principles of the common compensation philosophy are:

- Differentiation
- Performance
- Transparency
- Accountability

These principles will drive a consistent approach to benchmarking and compensation decision-making across the public sector based on performance, rather than entitlement. To support these changes, the parameters for flexibility within the freeze policy are:

- No general wage increases;
- Limited movement within existing ranges to address established compression and inversion issues and retention of high performers - only modest increases to be approved for 2015 and 2016 calendar years;
- No increases to salary ranges, no increases to Ministry/Employer budgets;
- Employers to submit to PSEC their business case, including principles, public sector relativity and costing;
- No adjustments to executive/CEO compensation at this time.

Communication of the above was presented to Crown board chairs on June 24th; other sectors have been informed through employer association CEOs. The effective date for compensation adjustments is July 1st, 2015.

Employers may choose to avail themselves of the flexibility within the freeze while their compensation philosophy refresh is underway, or they may wait and provide no adjustments until the process is complete.

In confidential discussions, the BC Public School Employers' Association (BCPSEA) has indicated it would like to take the latter approach and has presented a proposed process that will rationalize compensation across the K-12 sector while keeping true to the common philosophy and wage freeze flexibility.

DISCUSSION:

Since January 2013, a significant analysis has been undertaken by BCPSEA with a stakeholder working group in order to develop solutions to a number of anomalies and challenges with exempt staff compensation across the 60 school districts. These anomalies include differentiated and unsustainable compensation structures within regionalized labour markets resulting in salary compression and inversion, recruitment challenges, and whipsawing amongst employers. In October 2014, BCPSEA released a report - *Realities, Risk and Rewards: Taking a Systems Approach to Executive and Exempt Staff Compensation in the K12 Public Education Sector* – the report recommends a rationalized structure and process for compensation across the sector. Seeking approval from the Minister for the recommendations has been held in abeyance during the wage freeze.

BCPSEA is proposing to rationalize compensation plans (salary grids) across the 60 districts through the roll-out of the common compensation philosophy. This would include a regionalized model of compensation recognizing size and scope of a school and responsibilities; such a proposal would potentially result in both red-circling of some current excluded staff and allowing others more access to salaries on the new ranges. Any progression through ranges would be consistent with the wage freeze flexibility and the common compensation philosophy.

BCPSEA is also proposing that this process occur *prior to* seeking approval for any increases within the wage freeze flexibility for management staff. s.13

s.13

s.13

It should be noted that the proposed approach will not be designed 'top down' from the superintendents' compensation, but rather based on the principles of the philosophy, including shared benchmarking tools.

Through PSEC, BCPSEA would like to return for approval of the proposal in late 2015/early 2016. s.13

s.13

Prepared by:	Ken Dawson Director – Labour Relations PSEC Secretariat	Approved by:	Christina Zacharuk Interim President & CEO PSEC Secretariat
Mobile #:	778.679.0891		604 839-5699

PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT DECISION NOTE

PREPARED FOR: Honourable Michael de Jong, Q.C.
Minister responsible for the *Public Sector Employers Act*

ISSUE: Executive Compensation Request – Royal Roads University (RRU)
Vice President Academic and Provost

BACKGROUND:

The management compensation freeze announced by the Minister responsible for the *Public Sector Employers Act* (the *Act*) in September 2012, applies to management and executive employees covered by the *Act*. In July 2015, the PSEC Secretariat directed employers to prepare updated compensation philosophies and benchmarking information. At the same time, employers are permitted a measure of modest flexibility within the compensation freeze for management employees. Compensation for executive employees remains frozen, with executive compensation set to be further examined as PSEC continues to fulfill the recommendations of the BC Public Sector Compensation Review.

s.13

s.13 Because RRU has s.13 negotiated contracts, any changes (even with no freeze in place) require the approval of the Minister responsible for the *Act*.

DISCUSSION:

RRU is negotiating a contract renewal for another 5-year term (April 1, 2016 - March 31, 2021) with its current Vice President Academic and Provost and seeking s.13

s.13

Dr. Stephen Grundy has filled this position since 2011. Since his hiring, the role has been expanded to include oversight of additional academic services (including information technology, and the registrar function), the growth and diversification of RRU international programs, as well as increased responsibility overseeing RRU's growing workforce.

As a result of these changes, RRU has eliminated two roles: Associate Vice President Academic and Chief Information Officer. RRU is seeking s.13

s.13

Current Compensation: \$178,000 base salary
s.13

OPTIONS:

1. s.13
- 2.
- 3.

APPROVED/NOT APPROVED

Option # 3



Michael de Jong
Minister Responsible for the *Public Sector Employers Act*

Date Sept. 28, 2015

Prepared by:	Chris Rathbone	Approved by:	Christina Zacharuk
	Executive Director		President & CEO
	PSEC Secretariat		PSEC Secretariat
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**PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
BRIEFING NOTE – FOR DECISION**

PREPARED FOR: Honourable Michael de Jong, Q.C.
Minister responsible for the *Public Sector Employers Act*

ISSUE: **University of British Columbia (UBC) - Compensation Plan for an Interim President**

BACKGROUND:

The President of UBC will resign from his position as President and Vice-Chancellor of the university effective August 7th, 2015. s.13
s.13

The President must also vacate the residence provided to him within 120 days and will be entitled to moving expenses in the Metro Vancouver area.

The Board of Governors have identified two candidates to act as the interim president to provide leadership during the transition period and until the recruitment process is complete; the interim appointment would be from September 1, 2015 until June 30, 2016, for a maximum of ten months. s.13,s.22

s.13,s.22 The Board is seeking pre-approval for a compensation plan for either scenario.

DISCUSSION:

s.13 the current president receives an annual salary of \$446,750 plus benefits and continued enrolment in the defined contribution pension plan for faculty, plus a \$62,000 housing benefit for a total of \$562,000.

The Board is seeking pre-approval for two compensation plan options: one for an external candidate – a former UBC president – and one for an internal candidate. s.13

s.13 Appointing the external candidate (preferred) will create a greater additional cost than the internal candidate; however, the Board is seeking a former president whom they feel has a strong leadership record and ability to provide stability during the transition and recruitment periods. The compensation for the external candidate will be approximately the same as what the individual received when in the position of president. The Board Chair of UBC has committed to reducing expenses elsewhere to ensure either scenario is net-zero in cost.

s.13

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s.13

RECOMMENDATION:

s.13

Minister

Date

Prepared by:		Approved by:	
	Christina Zacharuk	Interim President & CEO PSEC Secretariat	Christina Zacharuk
Tel #			604 839-5699

**PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
BRIEFING NOTE – FOR DECISION**

PREPARED FOR: Honourable Michael de Jong, Q.C.
Minister responsible for the *Public Sector Employers Act*

ISSUE: **Forestry Innovation Investment CEO Compensation**

BACKGROUND:

Forestry Innovation Investment (FII) works with the B.C. forest industry to develop and diversify markets for B.C. forest products while promoting B.C. as a world-class supplier of environmentally-friendly forest products. FII has operating revenues of approximately \$20 million per year and a full-time staff complement of 36. FII's head office is in Vancouver and it operates subsidiary offices in Shanghai and Mumbai.

In the spring of 2015, FII's CEO retired and the FII Board appointed an Acting CEO. FII is now seeking approval to establish a new compensation level for its permanent CEO position to support recruitment efforts. s.13,s.17

s.13,s.17 Presently, the Acting CEO receives a base salary of \$167K and pension and other benefits of approximately 20% for a total compensation of \$200K; no perquisites are included in the total compensation package. The total compensation maximum has not been modified since its approval in 2007.

DISCUSSION:

Pursuant to direction from government in June, all public sector employers are currently refreshing their compensation philosophies and benchmarking tools to provide greater alignment across the public sector. Public sector employers have been given the option, as part of this process, of requesting approval for modest increases to compensation for management staff effective July 1, 2015 and January 1, 2016. These compensation increases must be within existing salary ranges and are not general wage increases.

Modest salary increases for management staff are contributing to salary compression at the executive level. The acting CEO's compensation is at the total compensation maximum, and salary compression with at least one FII Vice President is occurring now. VP's at FII receive salaries between \$143K and \$152K. As a result, a new framework may be required to allow for potential future adjustments at the executive level that are consistent with recently approved salary adjustments for both management and unionized employees. PSEC will be presenting broader options for public sector executive compensation for consideration by the Minister Responsible for the *Public Sector Employers Act* this fall. This request for FII is part of the larger framework but is coming for approval early to allow FII to undertake recruitment processes immediately.

1

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FII's request for CEO compensation is benchmarked against eleven comparators, including the BC Public Service. Eight of the eleven comparators are within the BC provincial public sector; none are from the private sector. This is consistent with the direction provided by government to have greater alignment in public sector compensation philosophies and appropriate public sector benchmarks that include the BC Public Service.

s.13

s.13

s.13 Since 2012, three Crown corporations have undergone reductions of 10% in CEO salaries while the remaining five Crowns have not experienced a leadership change at the CEO level.

OPTIONS

1. s.13

2.

2

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Implications:

s.13

DECISION REQUESTED:

Approved Option # 1


Minister

Oct 8, 2015
Date

Prepared by:	Chris Rathbone	Approved by:	Christina Zacharuk
	Executive Director, Labour Strategy and Coordination		President & CEO
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PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT DECISION NOTE

PREPARED FOR: Honourable Michael de Jong, Q.C.
Minister responsible for the *Public Sector Employers Act*

ISSUE: Executive Compensation Request – ICBC Vice President, Insurance and Driver Licencing

BACKGROUND:

The management compensation freeze announced by the Minister responsible for the *Public Sector Employers Act* (the *Act*) in September 2012, applies to management and executive employees covered by the *Act*. In July 2015, the PSEC Secretariat directed employers to prepare updated compensation philosophies and benchmarking information. At the same time, employers are permitted a measure of modest flexibility within the freeze for management employees. Executive employees remain frozen, with executive compensation set to be further examined as PSEC continues to fulfill the recommendations of the BC Public Sector Compensation Review.

Depending on the employer, executive salaries are either set within an approved range, or are individually negotiated. Because ICBC has individually negotiated contracts, any changes (even with no freeze in place) require the approval of the Minister responsible for the *Act*.

DISCUSSION:

In response to the 2012 Crown Review and the Crown Executive Compensation Policy, in 2013 ICBC reduced the number of executives reporting to the President and CEO from 10 to 8. Part of those changes included collapsing the Vice President, Insurance and Vice President, Driver Licensing portfolios into one division under one Vice President. This position was not permanently filled.

In 2014, ICBC was considering further consolidation of portfolios by shifting Driver Licencing to another Vice President. During this time, Steve Yendell was hired as Vice President, Insurance with a salary that was 21% less than the previous incumbent. ICBC continued to consolidate portfolios, reducing the number of Vice Presidents to 6, and an overall reduction in the number of senior leaders (including Directors, VP's, and the CEO) from 55 to 43. ICBC estimates the total compensation savings associated with these changes to be approximately \$3.9 million annually.

During the consolidation process, a decision was made to retain the Driver Licensing portfolio under the Vice President, Insurance portfolio with Mr. Yendell's new title being Vice President, Insurance and Driver Licensing. ICBC considers this the key VP portfolio and a potential CEO successor.

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ICBC has explored with PSEC the possibility of recognizing the combining of portfolios with an increase in compensation. It is common compensation policy (including policy for the Public Service) to provide up to 10% acting pay when an individual temporarily takes on additional responsibilities.

ICBC is seeking permission to recognize the additional Driver Licencing portfolio that has been assumed by Mr. Yendell by providing a salary increase of 9%. Approval of a lesser amount may also be considered.

Current Compensation:

Base Salary: \$245,000

Max Holdback: \$49,000

s.13,s.17

Proposed Compensation:

Base Salary: \$267,000

Max Holdback: \$53,400

s.13,s.17

OPTIONS:

s.13

APPROVED/NOT APPROVED

Option # 2


Michael de Jong

Minister Responsible for the *Public Sector Employers Act*

Date July 28, 2015

Prepared by:	Chris Rathbone	Approved by:	Christina Zacharuk
	Executive Director		Interim President & CEO
	PSEC Secretariat		PSEC Secretariat
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**PUBLIC SECTOR EMPLOYERS' COUNCIL SECRETARIAT
BRIEFING NOTE – FOR DECISION**

PREPARED FOR: Honourable Michael de Jong, Q.C. Minister responsible for the
Public Sector Employers Act

TITLE: **Implementation of a Public Sector Compensation Philosophy for all sectors**

ISSUE:

In June 2015, Government provided direction to public sector employers in the K-12, post-secondary, research university, and Crown corporation sectors to incorporate common principles for making compensation decisions. This direction is consistent with recommendations of the 2014 Public Sector Compensation Review by Ernst & Young, which were generally accepted by Government. As part of the approved implementation plan of the recommendations, employers have updated their compensation philosophies, and, as required by the *Public Sector Employers Act* (the *Act*), these changes require the approval of the Minister responsible for the *Act*. An update is also included on the implementation of the opportunity for modest flexibility within the wage freeze.

BACKGROUND:

In the fall of 2014, Government generally endorsed the recommendations of the Public Sector Compensation Review conducted by Ernst & Young (Appendix A). The Public Sector Employers' Council Secretariat (PSEC) consulted with employers in the broader Public Sector (BPS) on the recommendations and developed a draft implementation plan approved by the Minister in April 2015. As part of the first phase, in June 2015, Government directed public sector employers to implement one of the key recommendations of the Review by updating compensation philosophies to reflect a set of shared principles that will govern compensation decision-making and benchmarking approaches going forward. These principles are based on the compensation philosophy of the core public service. Over time, the implementation of a common public sector compensation philosophy will result in a greater alignment of compensation levels across the public sector, increased rigour in compensation decisions, reduction in variation of salary ranges, and provide for greater consistency.

The four core principles that all public sector employers were directed to include in their compensation philosophies are:

- **Differentiation** – Differentiation of salary is supported where there are differences in the scope of the position within an organization, and/or due to superior individual team contributions.

- **Performance** – Compensation programs support and promote a performance-based (merit) organizational culture.
- **Transparency** – Compensation programs are designed, managed and communicated in a manner that ensures the program is clearly understood by employees and the public while protecting individual personal information.
- **Accountability** – Compensation decisions are objective and based upon a clear and well documented business rationale that demonstrates the appropriate expenditure of public funds.

In addition, employers will use common benchmarking methodology and process, with primary comparators for management employees as B.C. public sector organizations first, followed by other provincial jurisdictions where relevant (excluding territories). The private sector can only be used as a benchmark when there are no other comparable roles in the public sector, in cases of talent in high demand, and when there is significant recruitment pressure from the private sector.

DISCUSSION:

For Decision: Updated Compensation Philosophies

Since the direction was provided in June 2015, PSEC has worked closely with employers and employer associations to ensure the common compensation philosophy direction and updated benchmarking approach is implemented into all compensation plans. Employers in the health, research university, Crown corporation, K-12, and post-secondary sectors have updated their compensation philosophies consistent with the direction, and are seeking approval (Appendix B); individual boards of directors have approved submissions for approval. No exception requests have been made.

Compensation Plan Realignment

During the philosophy and benchmarking update process, some employers noted that their existing compensation structures are outdated and not reflective of current direction. Accordingly, these employers have made minor changes to their compensation plans, streamlining and modernizing compensation ranges to bring greater comparability with the common philosophy (based on the core public service) and more accurately reflecting the benchmarking and job matching principles.

In some cases, this has resulted in minor increases to some middle management salary ranges in order to align with the public sector compensation philosophy. In others, it has resulted in the combining of existing ranges to allow for more flexibility. In all cases, the proposed range adjustments are modest, consistent with the direction, within CEO compensation maximums, and *do not result in employees receiving any increases beyond that permitted under the current wage freeze policy.*

More detail on the organizations with adjusted compensation frameworks can be found within individual compensation philosophies. The organizations that have taken this approach are:

- BC Assessment;
- BC Innovation Council;
- BC Transit;
- Forestry Innovation and Investment;
- Insurance Corporation of BC;
- Oil and Gas Commission;
- Transportation Investment Corporation;
- University of Victoria; and,
- College of the Rockies.

Update: Management Compensation Freeze

In June 2015, some flexibility was provided to address issues of compression, retention, and inversion for middle management staff (maintaining the overall freeze while allowing modest within-salary range increases of up to 2%). PSEC has been working through approvals with employers to implement Government's continuing direction on the excluded management wage freeze. This in-range flexibility will be available for the 2016 calendar year to continue to address pressing issues, but must also be consistent with the new public sector compensation philosophy and is subject to approval by PSEC.

To date, many employers have submitted business cases to provide adjustments to targeted groups of management staff, which PSEC has generally approved. This includes staff in K-12 (principals/vice-principals), Crown corporations, research universities, and the health sector. The Public Service is determining how to implement the direction, but had provided some relief from the freeze in 2014.

Update on Phase Two: Executive Compensation Review

Consistent with Government's endorsement of the Public Sector Compensation Review recommendations, PSEC has been conducting a review of executive compensation levels in the public sector through fall 2015. The review has been focused on determining the appropriateness of current compensation levels for executives and CEO's given updated benchmarking requirements, compression, and available submitted data around recruitment and retention.

PSEC is currently finalizing potential options for refreshing the executive compensation framework for late January 2016. Proposed options will be consistent with the recommendations of the B.C. Public Sector Compensation Review.

RECOMMENDATION:

Approve the updated compensation philosophies and plans listed in Appendix B and detailed in the briefing materials.

APPROVED / NOT APPROVED

Minister

Date

Attachments:

Appendix A: Excerpt of Acceptance from CWG Core Review Recommendation

Appendix B: Compensation Philosophy Revision Overview – Table of Contents. *Note that the full binder that includes all individual compensation philosophies will be couriered to the Minister's Office.*

Prepared by:	Chris Rathbone Executive Director 250-356-0949	Approved by:	Christina Zacharuk President & CEO 604 839-5699
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Excerpt of Acceptance from CWG Core Review Recommendation

The Committee reviewed a presentation, entitled “Public Sector Compensation”, dated May 5, 2014, and a related Cabinet Submission entitled “Public Sector Compensation”, signed by the Minister of Energy and Mines and dated April 28, 2014. The Committee also reviewed a report by Ernst and Young entitled “BC Public Sector Compensation Review”, dated April 17, 2014.

Committee Recommendation:

The Committee recommends support for the following recommendation from the Ernst and Young report:

- Create a common compensation philosophy and enablers based on core government’s philosophy:
 - Refresh core government’s compensation philosophy;
 - Further develop the philosophy to create shared principles, processes and guidelines for the entire BC public sector;
 - Standardize benchmarking tools across the BC public sector;
 - Invest in more accessible and comprehensive data;
- Build a governance model and processes to ensure alignment across the BC Public Sector:
 - Set the expectation that Cabinet will set philosophy and direction across the entire BC Public Sector;
 - Revisit the role of Crown Corporation Boards in establishing compensation and revisit remuneration categories and adjust based on principles;
 - Establish the process for issuance of a single strategic directive from Cabinet to align compensation philosophy across the BC public sector including removing Cabinet from procedural elements and set consequences for non- compliance;
 - Finalize a review of the Provincial model including need to align Employers’ Associations;
 - Enable a common bargaining approach in the Regional and Local Government;
 - Set a strategy to create adherence to the philosophy and governance for Regional and Local governments beginning with education and setting expectations for them to ‘do the right thing’.
- Deploy and make the model sustainable (including regular market reviews, developing approval processes, and processes to refresh the philosophy on a regular basis).

The Committee further recommends:

- Decisions on the future state governance model – in particular the recommendation on role of Cabinet’s involvement in procedures – be left until the philosophy work is complete;
- For Regional and Local Governments begin with providing UBCM the opportunity to jointly create a philosophy and governance approach with PSEC and CSCD;

- That government consider directing the Auditor General for Local Government to make the compensation issues raised in the review a priority for her office;
- That the Ernst and Young recommendation to conduct a review of current (police and fire) arbitration models not be accepted at this time with the priority being placed on the other work proposed;
- That a communications strategy be developed for release of the report and government's response.

COMPENSATION PHILOSOPHY REVISION OVERVIEW

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By Sector Details	
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Public Sector Employers' Council Secretariat

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Employers' Guide: Implementing a Common Compensation Philosophy for the B.C. Public Sector	2
PSEC President and CEO's Direction to Board Chairs and CEOs	3
Previously approved Decision Note: Implementation of the Public Sector Compensation Review Recommendations	4

Public Sector Employers' Council Secretariat

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BC Housing	2
BC Hydro	3
BC Innovation Council	4
BC Lottery Corporation	5
BC Pavco	6
BC Rail	7
BC Securities Commission	8
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Forestry Innovation Investment Ltd	14
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Knowledge Network	17
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Partnerships BC	20
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C: Health Authorities	
Compensation Reference Plan <ul style="list-style-type: none">• Fraser Health Authority• Interior Health Authority• Island Health Authority• Northern Health Authority• Providence Health• Provincial Health Services Authority• Vancouver Coastal Health Authority	1

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D: K12

BCPSEA Policy: Compensation and Employment Standards for School District
Employees Not Subject to a Collective Agreement

- Includes all 60 School Districts

1

Public Sector Employers' Council Secretariat

E: Post-Secondary Institutions	
BC Institute of Technology	1
Camosun College	2
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F: Universities	
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