



Interior Health

Interior Health Authority
Corporate Administration
220 – 1815 Kirschner Road
Kelowna, BC V1Y 4N7

Norman Embree
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June 6th, 2011

Mr. Paul Straszak
President & Chief Executive Officer
Public Sector Employers' Council Secretariat
2ns Floor, 880 Douglas Street
PO Box 9400 Stn Prov Govt
Victoria BC V8W 9V1
paul.straszak@gov.bc.ca

Dear Mr. Straszak:

**Re: Public Sector Employers Act – Section 14.8(3)
Public Sector Executive Compensation Reporting Form**

Please accept this letter as Interior Health's Statement of Executive Compensation for the fiscal year 2010/2011. This report is provided in compliance with Section 14.8(3) of the Public Sector Employers Act and in the form and manner as established by the Public Sector Employers' Council (PSEC) per the Public Sector Executive Compensation Reporting Guidelines.

The report that follows is in two parts. Part One is the Summary Compensation Table for Interior Health. Part Two is a narrative discussion of our compensation principles, policies, and practices.

If you have any questions or require clarification, please contact David Bamford, Corporate Director Human Resource Strategic Services at 250.870.4701.

Sincerely,

Norman Embree
Interior Health Board Chair

cc: Dr. Robert Halpenny, President & Chief Executive Officer, IHA
Donna Lommer, Vice President, Residential Services & CFO, IHA

**Interior Health
Statement of Executive Compensation
2010/2011**

PART ONE

Summary Compensation Table at March 31, 2011								
Name and Principle Position (a)	Base Actual Salary (b)	Bonus [c] Note 8	Incentive Plan Comp Paid (d) Note 9	Pension (e) Note 10	All Other Comp (f) Note 11	Total Comp For Fiscal 10/11 (g)	Previous 2 Years Total Comp (h)	
Dr. Robert Halpenny Chief Executive Officer Notes 1, 2, 3	333,802	0	8,775	26,018	14,259	382,854	2009/10	66,267
							2008/09	n/a
Dr. Jeremy Etherington VP Medicine & Quality Notes 4, 5	229,300	0	0	13,565	14,629	257,493	2009/10	n/a
							2008/09	n/a
Joanne Konnert VP Tertiary Services Note 6	249,524	0	0	20,505	15,187	285,216	2009/10	277,158
							2008/09	267,230
Brenda Rebman VP Clinical & People Services Note 7	177,443	0	0	10,069	14,955	202,467	2009/10	n/a
							2008/09	n/a
Andrew Neuner VP Community Integration	229,706	0	0	18,922	13,244	261,872	2009/10	236,752
							2008/09	229,041

Notes:

- (1) Dr. Halpenny 110.5 vacation hours paid lump sum.
- (2) Dr. Halpenny appointed President and Chief Executive Officer on 13 January 2010. Annualized base salary of \$351,000.00 with 10% of base salary held back [or at risk]; that is, performance targets must be achieved to earn back the portion of the base salary that was held back or at risk. Dr. Halpenny's compensation package was approved by the Public Sector Employers' Council Secretariat.
- (3) Dr. Halpenny first quarter holdback paid \$8,775.00.
- (4) Dr. Etherington appointed VP on May 31, 2010. Dr. Etherington is an emergency physician providing administrative services to IHA. The principle on which the base salary was determined was the agreement made between the Ministry of Health Services and the British Columbia Medical Association .
- (5) Dr. Etherington elected cash option in lieu of benefits. \$209.58 added to Base Actual salary. (Flex Benefit Program).
- (6) Joanne Konnert elected cash option in lieu of benefits. \$573.00 added to Base Actual salary. (Flex Benefit Program).
- (7) Brenda Rebman appointed VP on June 28, 2010.
- (8) The IHA has no bonus payment scheme for the executive staff.
- (9) Absent Dr. Halpenny's re-earnable hold back on base salary, the IHA has no incentive payment scheme for the executive staff
- (10) Pension Plan is the Municipal Pension Plan.
- (11) All Other compensation for the Named Executives includes:
 - Insurance Benefits: Group Life Insurance / Accidental Death & Dismemberment / Extended Health / Dental / Long Term Disability / BC Medical services Plan
 - Statutory Deductions: Canada Pension Plan / Workers Compensation / Employment Insurance
 - Vacation
 - The IHA does not provide perquisites, property or personal benefits to the executive staff

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PART TWO

Compensation Discussion and Analysis

Interior Health Authority is a member employer of the Health Employers Association of BC and is governed by the HEABC Compensation Reference Plan. This Plan has been developed pursuant to the statutory requirements of the Public Sector Employers Act and is applied across the employer members of HEABC for non-union, management, and executive roles within healthcare.

Compensation Principles

- 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. Levels shall reflect those in an appropriate composite market.
- Compensation policies and practices include the total compensation for services through both traditional employer compensation policies and special employment contract relationships.
- To ensure equity, appropriate systems will measure and recognize the composite value of the skill, effort, responsibility, and working conditions involved in performing the duties of jobs across the healthcare sector.

Compensation Policy Objectives

Consistent with the above principles, healthcare's non-contract compensation program has the following policy objectives:

- a. Healthcare's non-contract compensation plan would address the expectations of trustees, employers, employees, and the Government.
- b. A defensible compensation system needs to respond to broad equity issues. The compensation system recognizes the responsibility of the healthcare sector to establish compensation levels that acknowledge fairness and the public's ability to pay.
- c. Compensation levels will be at a level that ensures healthcare employers can attract, motivate, and retain qualified individuals. Fundamental to this statement is the fact that healthcare compensation practices cannot lead the market. This ensures that taxpayers receive the maximum benefits from qualified individuals occupying jobs within the healthcare sector.
- d. Compensation levels must be competitive to control unnecessary levels of turnover.

- e. 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 healthcare sector employers must recruit and retain highly qualified individuals.
- f. 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.
- g. Compensation should reinforce and reward performance. Employers shall establish measurable performance standards.
- h. Compensation policies should comply with the intent and requirements of legal obligations by being non-discriminatory in nature.
- i. Compensation policies and programs must be designed to be efficiently administered. The salary ranges will group jobs of similar value, common impact, and magnitude.

Compensation Surveys

The Compensation Reference Plan will be reflective of a representative market that is composed of an appropriate mix of employers from which healthcare must attract and retain qualified individuals.

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

Job market matches will be appropriate to the type of position: local for administrative support positions and provincial or national for managerial positions.

The comparison of compensation will be to relevant external labour markets.

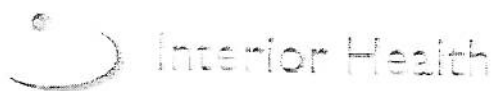
The external markets will reflect the types of organizations from which healthcare employers must attract and retain individuals. This will include both the public and private sector. Compensation information will be collected based on job content, not job title.

HEABC will conduct a total compensation survey on a minimum of a three-year or as-needed cycle. Included in the survey will be: salaries, other cash, and incentives; prerequisites; holidays; vacations and other paid time off work; group benefits; retirement or savings benefits; and standard hours of work.

Compensation Reference Ranges

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

Employers are responsible for establishing salary ranges that conform to the salary reference ranges. Employers' salary ranges will be deemed to conform to the compensation reference ranges if the



organization's overall comparison ratio is within 0.90 and 1.10 of the appropriate market reference rates.

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 for administering salaries within the salary reference 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 percent 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 comparing the pay practices of these groupings to a relevant external market. The grouping of organizations is determined by assessing certain characteristics that are inherent in all healthcare organizations.

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

The healthcare employer is responsible for completing the questionnaire.

The healthcare employer's Board is responsible for approving the completed OIQ and returning the questionnaire to HEABC.

HEABC is responsible for reviewing all completed questionnaires for consistency in application and informing the healthcare employer of the final assessment.

The OIQ collects factual information on healthcare organizations.

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 healthcare employers with copies of the Role Assessment Plan, the associated Questionnaire, and consulting advice on the application of the system. HEABC is responsible for educating healthcare employers on the use of the plan and providing consulting advice and assistance as required.

Healthcare employers are responsible for ensuring that non-contract employees complete the questionnaire and have their respective managers approve the questionnaire to ensure the information accurately reflects job content and requirements. The head of the healthcare employer, or designate, completes a final approval of the questionnaire.

HEABC is responsible for working with healthcare employers to ensure the consistent application of the plan through periodic reviews. HEABC is responsible to work with the healthcare employers to resolve any disputes on the application of the Plan.

Application for the Compensation Reference Plan

For each of the NEOs reported in the Summary Compensation Table of this disclosure, Interior Health Authority has applied the Compensation Reference Plan, working with HEABC as necessary. The base salary and total compensation provided to each NEO is consistent with the principles and policy objectives stated above, as mandated by the Public Sector Employers' Council in accordance with the Public Sector Employers Act.

Interior Health Authority has established salary ranges and job rates consistent with the mandated 50th percentile of the blended market and HEABC reference salary ranges. Newly hired employees are placed on the appropriate salary range and at the appropriate range placement in accordance with their previous experience, competencies, and current labour market conditions. Salary Range Progression is based on the performance of the employee. A review of individual performance is conducted on an annual basis and salary range progression is granted on April 1st of each year. The key determinate of salary range progression is the annual performance review process during which individual performance is assessed.

Benefits

All full time or regular part time employees are eligible to participate in the employer's Health and Welfare Benefit Plan as follows:

BC Medical Services Plan: This Provincial Government medical plan is open to all residents of British Columbia. The employer pays 100 percent of the premium for employees, spouses, and eligible dependents.



Group Flex Benefits Plan: This private group insurance plan provides extended health care, dental care, long-term disability, accidental death and dismemberment, and life insurance protection. The Plan consists of core (required) programs, supplemented with elective program coverage as selected by the employee.

Optional Programs: Employees may purchase additional optional life insurance and accidental death and dismemberment insurance coverage.

Pension: As a condition of employment, all full time employees over the age of 18 will become members of the Municipal Pension Plan. This Plan is funded through both employee payroll deductions and employer contributions. Enrolment for part time employees is at the employees' option.

Annual Leave

The vacation-earning year runs from July 1st to June 30th of the following year. A vacation of 20 working days (150 hours) is provided after one year of continuous service. Vacation credits are earned commencing with the first day of employment on a pro rata basis. Vacation entitlement increases by one day (7.5 hours) per year commencing with an employee's fifth anniversary of employment up to a maximum of 35 days (262.5 hours).

The employer's Flex Benefit Program (see Clause 8) as designed requires one week (five days) vacation credits to be included in the Flex Benefit Program, as stipulated by Canada Revenue Agency regulations. As part of the selection process, an employee may elect to redirect those vacation credits into vacation leave entitlement.

June 2011