

Statement of Executive Compensation

Submitted by WorkSafeBC

Period Covered: 2012

Compensation Discussion and Analysis

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

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

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

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

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

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

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

Salary and Incentive Determination

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

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

Salaries

The Board of Directors has established proposed compensation levels for the executive positions within WorkSafeBC and those plans have been approved by PSEC. At present, the compensation plans for the affected positions are as follows:

President and CEO - \$270,000 effective January 1, 2008

The position also has an incentive plan with a target payment of 25% and a stretch target payment of 50% per year. An amount equal to 25% of the payable bonus is withheld for retention purposes and becomes payable on the first day of the third year following the bonus period. The deferred component of the 2011 bonus (paid in 2012 and included in the attached summary table) would be payable to the incumbent on January 1, 2014, if the incumbent remained on staff or retired having reached the rule of 90 (age plus service) or retired having reached age 65.

Senior Vice President Level - Up to \$220,000 effective January 1, 2007

Vice President Level - Up to \$190,000 effective January 1, 2007

These positions also have an incentive plan with a target payment of 20% and a stretch target payment of 40% per year. An amount equal to 25% of the payable bonus is withheld for retention purposes and becomes payable on the first day of the third year following the bonus period. The deferred component of the 2011 bonus (paid in 2012 and included in the attached summary table) would be payable to the incumbent on January 1, 2014, if the incumbent remained on staff or retired having reached the rule of 90 (age plus service) or retired having reached age 65.

Benefits

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

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

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

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

The executive staff is also covered for the WorkSafeBC Superannuation Plan, which is a registered defined benefit plan and a supplemental pension plan to provide benefits in excess of the *Income Tax Act* maximums. In addition, executives listed in this disclosure are able to purchase additional service in certain circumstances and to defined limits. This purchase is elective and in 2011 four of the individuals listed chose to purchase an additional year of service from after tax dollars.

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

- A monthly car allowance of \$750/month.
- An annual health care spending account of up to \$ 3,125/year, which can be used to coverage expenses over and above what is outlined in benefit coverage.

Compensation Summary Table

The following is for 2012:

Name and Principal Position (a)	Salary (\$) (b)	Bonus and or Incentive Plan Compensation Paid (\$) (c)	Benefits (\$) (d)	Pension (\$) (e)	All Other Compensation (\$) (f)	Total (\$) (g)	Previous Year Totals (2011)	Previous Year Totals (2010)
David Anderson, CEO	\$270,000	\$118,233	\$15,562	\$43,965	\$12,026	\$459,786	\$465,515	\$452,860
Steve Barnett, CFO [^]	\$116,721	\$73,755	\$5,998	\$20,986	\$47,370##	\$264,830	\$357,290	\$436,296#
Brian Erickson, CFO ^{^^}	\$109,769		\$5,812	\$12,313	\$5,474	\$133,368		
Roberta Ellis, VP	\$220,000	\$75,955	\$12,115	\$33,541	\$12,126	\$353,737	\$355,327	\$347,341
Diana Miles, VP	\$220,000	\$74,855	\$11,969	\$33,408	\$12,026	\$352,258	\$357,134	\$343,129
Pamela Cohen, VP	\$190,000	\$61,323	\$13,385	\$28,473	\$12,126	\$305,307	\$298,544	\$281,827

- This figure included a one-time deferred key person retention bonus of \$84,965 tied to an IT Systems project begun in 2004 and completed in 2009 which required the individual to remain with the organization through the project delivery and 90 days post implementation. It was commenced before the incumbent entered his current position.

- This figure includes a long service allowance of \$37,231 payable upon departure.

[^] - Was CFO until departure at end of June 2012

^{^^} - Appointed CFO as of July 1, 2012

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

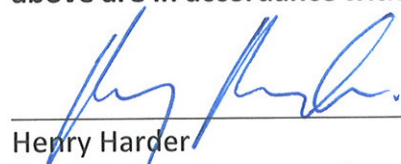
- Basic Medical (taxable)
- Life Insurance (taxable)
- Extended Life and Dental (non- taxable)
- BAD/D (non-taxable)
- LTD Premiums (non-taxable)
- EI and CPP

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

(f) – Amount shown is for Perquisites (maximum of \$12,125)

- Car Allowance of \$9,000/year
- Health Care Spending Account of up to \$3,125/year (actual varies based on usage)

Pursuant to reporting guidelines established by the Public Sector Employers' Council, I verify that this document has been reviewed and accepted by the Human Resources and Compensation Committee of the Board of Directors and that the executive payments detailed above are in accordance with Board approved compensation plans for the positions.



Henry Harder
Chair, Human Resources & Compensation Committee

May 22, 2013

Date