

June 26, 2026

John Davison
President & CEO
Public Sector Employers' Council Secretariat
Suite 210, 880 Douglas Street
Victoria, BC V8W 2B7

Dear Mr. Davison,

RE: Public Sector Executive Compensation Reporting Form 2025/2026

Please find attached the Vancouver Island Health Authority's (Island Health) Statement of Executive Compensation for the fiscal year 2025/2026. This report is provided in compliance with Section 14.8(3) of the Public Sector Employers Act and in the form and manner established by the Public Sector Employers' Council (PSEC) per the Public Sector Executive Compensation Reporting Guidelines.

Enclosed is a copy of the current Non-Contract Compensation Reference Plan which is standard across all Health Authorities.

As the Board Chair for Island Health, I attest the following:

- The Board of Directors is aware of the executive compensation paid to the CEO and Executive Members listed on the enclosed documents in the fiscal year 2025/2026.
- 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 Island Health and it includes the value of any pre or post-employment payments made during the 12-month period before or after the term of employment.
- The compensation provided was within approved compensation plans and complies with these guidelines.

This information has been uploaded to the online PSEC Labour Information and Executive Reporting System (LIGER). If you have any questions or require clarification, please contact Mr. Jamie Braman, Vice President, People and Communications at 250-370-8770.

Sincerely,



Leah Hollins
Board Chair, Island Health

Attachments: Compensation Reference Plan



Compensation Reference Plan

The Compensation Reference Plan promotes the accountability of health care employers to the public, and enhances the credibility of management in the health sector by providing a framework within which appropriate compensation practices are consistently managed.

All member organizations of the Health Employers Association of BC are required to use the Compensation Reference Plan in establishing compensation levels for the executive and non-contract positions in their organizations.

Health Employers Association of BC

January 26, 2016



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Compensation Philosophy

To support the delivery of health services to the people of British Columbia the Compensation Reference Plan (Plan) establishes a fair, defensible and competitive total compensation package designed to attract and retain a qualified, diverse and engaged workforce that strives to achieve high levels of performance.

CORE PRINCIPLES

Performance: The Plan supports and promotes a performance-based (merit) culture with in-range salary progression to recognize performance.

Differentiation: Differentiation of salary is supported where there are differences in the scope of a position and the assignment of the position to the appropriate salary range. Differentiation of salary is also supported based on superior individual or 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.

Transparency: The Plan is designed, managed and communicated in a manner that ensures the program is clearly understood by government, trustees, employers, employees and the public while protecting individual personal information.

POLICY OBJECTIVES

Consistent with the Core Principles, the Plan has the following policy objectives:

1. A defensible compensation system recognizes the responsibility of the health sector to establish compensation levels that acknowledge fairness and the public's ability to pay. Compensation levels in the health sector will reflect the market average and will not lead the market. This ensures that taxpayers receive the maximum benefits from qualified individuals occupying jobs in the health sector.
2. External equity requires competitive levels of compensation be established, that address issues of attraction and retention, by analyzing compensation practices in relevant labour markets including British Columbia health sector bargaining associations.
3. Internal equity requires the relative worth of jobs be established by measuring the composite value of skill, effort, responsibility and working conditions.
4. Compensation will reinforce and reward performance through measurable performance standards that support and promote a performance based culture.
5. Compensation policies will comply with the intent and requirements of legislation and be non-discriminatory in nature.

The Compensation Reference Plan Modules

The Plan promotes the accountability of employers in the health sector to the public, and enhances the credibility of management in the health sector by providing a framework within which appropriate compensation practices are consistently managed.

All member organizations of the HEABC are required to use the Compensation Reference Plan in establishing compensation levels for the executive and non-contract positions in their organizations. The Plan consists of three components that, working in concert, assign jobs to the appropriate salary range. The three components of the Plan are: the Organization Information Plan, the Role Assessment Plan and the Reference Salary Ranges.

ORGANIZATION INFORMATION PLAN

The Organization Information Plan provides a means of grouping organizations with similar characteristics for the purpose comparing pay practices of the employer groups to their relevant labour markets and establishing discrete salary ranges for each of the employer groups. There are five employer groups.

The grouping of organizations is determined by assessing certain characteristics that are inherent in all member organizations of HEABC. The factors employed in assessing the organizational characteristics are:

- Diversity of Program Delivery
- Research Activities
- Education Activities
- Work Force Characteristics
- Sources & Stability of Funding

Responsibilities and Accountabilities

1. HEABC will provide employers in the health sector with the Organizational Information Questionnaire (OIQ), instructions on how it's used, and consulting assistance in order to complete and accurately collect the required information.
2. Employers in the health sector will complete the OIQ.
3. The Board Chair of employers in the health sector will approve the completed OIQ and return the questionnaire to HEABC.
4. HEABC will review all completed questionnaires for consistency in application and inform the employers in the health sector of the final assessment.

ROLE ASSESSMENT PLAN

The Role Assessment Plan (a point factor job evaluation plan) is the tool that allows employers to describe the jobs in their organizations. The Role Assessment Plan provides a means of establishing an equitable hierarchy of jobs within an organization, as well as a comparison of jobs across the health sector. The hierarchy of jobs is determined by assessing the skill, effort, responsibility and working conditions inherent in all jobs in HEABC member organizations. The factors employed in assessing the skill, effort, responsibility and working conditions are described in the table that follows.

Role Assessment Plan Factors

Skill	• Knowledge Gained Through Education and Training
	• Knowledge Gained Through Previous Experience
	• Internal Communications and Contacts
	• External Communication and Contacts
Effort	• Effort as a Result of Concentration
	• Effort as a Result of Physical Exertion
Responsibility	• Complexity of Decision Making
	• Impact of Decision Making
	• Nature of Responsibility of Financial Resources
	• Magnitude of Financial Resources
	• Nature of Leadership
Working Conditions	• Magnitude of Leadership
	• Conditions Under which the Work is Performed

Responsibilities and Accountabilities

1. HEABC will provide employers in the health sector with consulting advice on the application of the Role Assessment Plan.
2. Employers in the health sector will ensure that all executive and non-contract jobs are assessed using the Role Assessment Plan.
3. HEABC will work with employers in the health sector to ensure the consistent application of the plan through periodic reviews.
4. HEABC will work with employers in the health sector to resolve any disputes on the application of the Plan.

REFERENCE SALARY RANGES

A defensible compensation system responds to broad equity issues. The Plan recognizes the responsibility of the health sector to establish compensation levels that acknowledge fairness and the public's ability to pay, re-enforcing the notion of accountability. Fundamental to this statement is the fact that compensation practices in the health sector cannot lead the market, while providing appropriate levels of compensation that support recruitment and retention needs. This ensures that taxpayers receive the maximum benefits from qualified individuals occupying jobs within the health care sector, further re-enforcing the notion of accountability.

Responsibilities and Accountabilities

1. HEABC will provide employers in the health sector with reference salary ranges.
 - 1.1. The reference salary ranges will be based on the 50th percentile of the blended market survey.
 - 1.2. The reference salary ranges will include provisions for an adequate range and spread of salary rates to differentiate developmental, job standard, and above standard rates.
2. Employers will administer salaries within the reference salary ranges.
 - 2.1. Circumstances may require employers to address compression or inversion issues between non-contract staff and directly supervised bargaining unit employees.

A differential of up to 15% may be established where there is a functional supervisory role, with responsibility and accountability for outcomes. This differential does not form part of the comparison ratio calculation.
 - 2.2. Employers compensation practices will be deemed to conform to the reference salary ranges if the organization's overall comparison ratio is within 0.90 and 1.10 of the appropriate salary control points.
 - 2.3. The comparison ratio calculation is the total of the organization's actual salaries divided by the total of the appropriate salary control points.

Benchmarking the Reference Salary Ranges

- I The Plan will be reflective of a representative market that shall be composed of an appropriate mix of employers from which the health sector must attract and retain qualified individuals.
- 2 The composite market is based on consideration of:
 - 2.1 Size of organization, as this drives the span of control and scope of accountability.
 - 2.2 The industry, as organizations operating in the broad public sector likely have jobs that require similar skills and capabilities.
 - 2.3 Geography, considers the locations where qualified talent could be sourced from when recruiting and where current employees could potentially leave to join other organizations.
 - 2.4 Ownership type, for example public sector, health sector where jobs that require similar skills and capabilities form part of the recruitment/retention matrix.
- 3 This mix is to include:
 - 3.1 B.C. Public Sector Organizations – Crown corporations, health sector, K-12 education, community social services, regional government, municipalities and the public service.
 - 3.2 Other provincial jurisdictions (including the health sector) where relevant, excluding territories.
 - 3.3 Private Sector – to be utilized only in cases of talent in high demand with significant recruitment pressure from the private sector.
- 4 HEABC will conduct total cash and total compensation surveys to ensure appropriate internal and external equity are maintained.

Performance Based Pay

- I Employers in the health sector recognize that strengthening the linkage between individual performance and organizational objectives is a fundamental role for an organization's compensation strategy.
- 2 Performance based pay programs would include documented objectives with clearly defined and measurable performance outcomes.

- 3 The Compensation Reference Plan's salary ranges are applicable to a system of performance based pay. The salary ranges are structured to recognize competence, performance and exceptional market conditions. *Employers cannot establish salaries above the range maximum.*

Salary Structure Ranges 13 through 18

Range Minimum		Midpoint		Range Maximum	
80%	90%	90%	110%	110%	120%
Developmental Zone		Standard Zone		Advanced/Market Zone	

Salary Range Structure Ranges 5 through 12

Range Minimum		Midpoint		Range Maximum	
80%	90%	90%	110%	110%	115%
Developmental Zone		Standard Zone		Advanced/Market Zone	

Salary Range Structure Ranges 1 through 4

Range Minimum		Midpoint		Range Maximum	
80%	90%	90%	105%	n/a	n/a
Developmental Zone		Standard Zone			

Developmental Zone: Target pay for individuals who are new or developing in the job and are not yet performing the full breadth of duties and responsibilities expected of the job at this level. Accelerated progression through this portion of the salary range is common.

Market Zone: Target pay for employees who are fully seasoned in the job with the combination of experience and competencies needed to perform all duties and responsibilities expected of the job.

Innovative Practice Zone: Target pay for employees who consistently exceed all expectations through a unique and exceptional application of knowledge, skills and/or effort over a consistent and sustained period that justifies the use of this Zone; or to address exceptional recruitment and retention market pressures.

- 4 Each job will have an assigned salary range. Employers in the health sector will place their employees on the applicable range for that job. Progression throughout the range is based on job proficiency or performance. Employers cannot establish salaries above the range maximum.
- 5 A Merit Matrix will be used to determine the amount of the approved salary increases to targeted groups of employees. The matrix addresses both the performance (performance based culture) and position in the range (internal equity) to differentiate salaries. The table that follows illustrates the grid. The position in range bands would be adjusted to reflect the actual width of the

salary range. The grid becomes an effective tool when the salary ranges match the levels recommended by market surveys and there is consistent performance management practices and the level of increase for the base calculation provides a meaningful change in salary.

Illustrative Merit Matrix Illustration: ex. 1% increase)			Position on Range		
			80% to 90%	90% to 110%	110% to 120%
Performance Rating	5	Highest	2.0%	1.7%	1.3%
	4	Next Highest	1.7%	1.3%	1.0%
	3	Middle	1.3%	1.0%	.7%
	2	Low	.7%	.7%	0.0%
	1	Lowest	0.0%	0.0%	0.0%
% increase cannot exceed the salary range maximum					

Disclosure & Reporting Requirements

- 1 HEABC will coordinate the reporting of total compensation for executive and non-contract employees within the sector.
- 2 Employers in the health sector will provide HEABC with total compensation information and related compensation policy information to meet the reporting requirements of employers and employers' associations within the sectoral compensation guidelines. Full disclosure of public sector compensation is public policy in British Columbia. This policy serves two main purposes:
 - 2.1. Promotes the accountability of public sector employers to the public.
 - 2.2. Enhances the credibility of public sector management by providing a framework within which appropriate compensation practices can be explained to the public.

Vancouver Island Health Authority

Summary Compensation Table at 2026

Name and Position	Salary	Holdback/Bonus/ Incentive Plan Compensation	Benefits	Pension	All Other Compensation (expanded below)	2025/2026 Total Compensation	Previous Two Years Totals Total Compensation	
							2024/2025	2023/2024
Kathryn E MacNeil, President & CEO	\$ 394,700	-	\$ 27,163	\$ 36,747	\$ 13,900	\$ 472,510	\$ 465,381	\$ 451,732
Dr Reka Gustafson, Vice President Island Health	\$ 344,702	-	\$ 27,492	\$ 32,092	\$ 39,174	\$ 443,460	\$ 436,287	\$ 381,097
James Hanson, Vice President, Clinical Operations	\$ 277,875	-	\$ 26,364	\$ 25,870	\$ 13,393	\$ 343,502	\$ 338,370	\$ 325,565
Kim Kerrone, Vice President & Chief Financial Officer	\$ 312,334	-	\$ 8,525	\$ 29,078	\$ 13,291	\$ 363,228	\$ 361,083	\$ 363,670
Marko Peljhan, Vice President Island Health	\$ 277,875	-	\$ 28,062	\$ 25,870	\$ 12,000	\$ 343,807	\$ 336,425	\$ 329,906
Dr Ben Williams, Vice President, Medicine and Quality and Chief Medical Executive	\$ 309,604	-	\$ 28,950	\$ 28,824	\$ 15,017	\$ 382,395	\$ 371,991	\$ 369,491

Summary Other Compensation Table at 2026

Name and Position	All Other Compensation	Severance	Vacation Payout	Paid Leave	Vehicle / Transportation Allowance	Perquisites / Other Allowances	Other
Kathryn E MacNeil, President & CEO	\$ 13,900	-	-	-	\$ 12,000	-	\$ 1,900
Dr Reka Gustafson, Vice President Island Health	\$ 39,174	-	-	-	\$ 12,000	\$ 27,174	-
James Hanson, Vice President, Clinical Operations	\$ 13,393	-	-	-	\$ 12,000	-	\$ 1,393
Kim Kerrone, Vice President & Chief Financial Officer	\$ 13,291	-	-	-	\$ 12,000	-	\$ 1,291
Marko Peljhan, Vice President Island Health	\$ 12,000	-	-	-	\$ 12,000	-	-
Dr Ben Williams, Vice President, Medicine and Quality and Chief Medical Executive	\$ 15,017	-	-	-	\$ 12,000	-	\$ 3,017

Notes

Kathryn E MacNeil, President & CEO	General Note: Base salary only included amounts actually paid within the fiscal year. Kathy MacNeil received a 2% performance-based salary increase retroactively applied effective April 1, 2025. The retro will be paid on May 15, 2026. Other Note: Taxable Travel
Dr Reka Gustafson, Vice President Island Health	General Note: Dr. Reka Gustafson annualized base salary has not been adjusted for the 2025 fiscal year. Physician Compensation updates for 2025 are still outstanding. Perquisite/Other Allowance Note: On-call allowance
James Hanson, Vice President, Clinical Operations	General Note: Base salary only included amounts actually paid within the fiscal year. James Hanson received a 2% performance-based salary increase retroactively applied effective April 1, 2025. The retro will be paid on May 15, 2026. Other Note: Taxable Travel
Kim Kerrone, Vice President & Chief Financial Officer	General Note: Base salary only included amounts actually paid within the fiscal year. Kim Kerrone received a 2% performance-based salary increase retroactively applied effective April 1, 2025. The retro will be paid on May 15, 2026. Other Note: Taxable Travel
Marko Peljhan, Vice President Island Health	General Note: Base salary only included amounts actually paid within the fiscal year. Marko Peljhan received a 2% performance-based salary increase retroactively applied effective April 1, 2025. The retro will be paid on May 15, 2026.
Dr Ben Williams, Vice President, Medicine and Quality and Chief Medical Executive	General Note: Base salary only included amounts actually paid within the fiscal year. Dr. Ben Williams received a 2% performance-based salary increase retroactively applied effective April 1, 2025. The retro will be paid on May 15, 2026. Other Note: Taxable Travel