



News Release

THE HOSPITAL EMPLOYEES' UNION

FOR IMMEDIATE RELEASE

FEBRUARY 27, 2004

Fraser Health Authority CEO eligible for up to \$650,000 in severance payments

The chief executive officer hired by the B.C. Liberal government to run the Fraser Health Authority is eligible for severance payments of up to \$650,000, according to documents obtained by the Hospital Employees' Union under provincial freedom of information legislation.

In the letter of offer made to Robert Smith in March 2002, government-appointed FHA board chair Barry Forbes sets the new CEO's severance provisions at a maximum of 24 months salary. The offer letter sets Mr. Smith's starting salary at \$323,000 a year.

The union is asking the health services minister to release the severance provisions for the CEOs of all six health authorities set up by the provincial government in December 2001.

HEU's secretary-business manager says government is applying a double-standard when it comes to its treatment of health executives compared to the thousands of front-line health care workers it's already fired without cause.

"After 25 years on the job, a laid-off cleaner at Royal Columbian Hospital in New Westminster earned severance of about \$8,400," says Allnutt. "But if Bob Smith was let go tomorrow, after less than two years on the job, he'd collect between \$320,000 and \$650,000."

Smith signed his contract with the FHA about six months before the government passed legislation limiting severance pay to 18 months.

Other provisions of Smith's contract include:

- a monthly car allowance of \$580;
- 35 working days vacation annually;
- full range of benefits including pension;
- a relocation allowance of \$50,000; and
- payment of membership fees for professional organizations.

In his first 10 months on the job, Smith claimed \$75,000 in expenses from the Fraser Health Authority including his relocation expenses.

... over



Smith came to the FHA from Nova Scotia where he was a top health executive. He's the former CEO of Lions Gate Hospital in North Vancouver and received \$320,000 in severance when his employment there was terminated in 1996. (He subsequently repaid \$60,000 of that after working for eight months at Vancouver General Hospital.)

Public outrage over hefty severance packages began two years ago when the B.C. Liberal government formed six health authorities in December 2001. South Fraser Health Region CEO Pat Zanon received \$700,000 in severance in 2001 when her region was rolled into the Fraser Health Authority. Taxpayers are still feeling the hangover from that sweetheart deal, as Zanon was paid out \$231,855 in the fiscal year ending March 31, 2003.

In other severance payouts, Grant Roberge, former CEO of the now-defunct Central Vancouver Island Health Region, received \$300,000; former Riverview Hospital chief Marion Suski received more than \$200,000 after being effectively dismissed from her position; and Delta Hospital's former health services director, Karen Davis, was awarded nine months' salary (\$58,500) after serving only nine months before being let go.

"Such bloated severance payouts are more than a waste of taxpayer dollars that should be going into patient care," says Allnutt. "They're also an insult to front-line health care workers whose own contracts were shredded by this government.

"Why should a health executive get more than \$58,000 after nine months on the job when an FHA cleaner gets nothing after nine years of service?"