

EMPLOYMENT CONTRACT

THIS AGREEMENT made effective the 23rd day of March, 2009.

BETWEEN:

**EAST CENTRAL HEALTH, operating as
ALBERTA HEALTH SERVICES**
(also referred to as "AHS" or "the Employer")

- and -

DR. STEPHEN DUCKETT
(also referred to as "the Employee")

WHEREAS Alberta Health Services is responsible for the provision of health services throughout Alberta.

AND WHEREAS AHS has agreed to retain the services of Dr. Stephen Duckett in the capacity of President and Chief Executive Officer.

AND WHEREAS the parties have agreed to enter into a written contract setting out the essential terms and conditions of their employment relationship.

NOW THEREFORE in consideration of the material advantages accruing to both Dr. Duckett and AHS, the parties agree as follows:

TERM

1. The Employer agrees to employ Dr. Duckett for an indefinite term commencing March 23, 2009. This agreement and his employment will therefore continue until terminated under the provisions of paragraphs 28, 29, 34 or 35 herein.

POSITION AND DUTIES

2. Dr. Duckett will be employed in the position of President and Chief Executive Officer and reports to and accepts instructions from the Board of AHS.
3. It is recognized that this position is a managerial position which from time to time and as necessary will require Dr. Duckett's services beyond normal working hours without additional compensation, overtime pay or time in lieu thereof.
4. Dr. Duckett will, at all times, faithfully, industriously and to the best of his ability perform all duties and functions required of him in a professional manner and to the satisfaction of the Employer. Dr. Duckett shall provide timely and good quality work, always acting in a competent, trustworthy and loyal fashion.
5. Dr. Duckett's duties are set out in the Position Description attached as "Schedule A" to this agreement. The duties referenced in Schedule A may be changed by the Board of AHS as it deems necessary from time to time.
6. Dr. Duckett agrees to operate within the policies, practices and procedures established by the Employer, as changed or amended from time to time, except where they contradict the express terms of this agreement.
7. Except as agreed by the Employer and Dr. Duckett in writing, he will devote his full working time and attention to the business and affairs of AHS and, in particular, to the carrying out of his employment duties and obligations.
8. Dr. Duckett agrees to avoid any external commitments that interfere with his obligations to the Employer or that constitute a potential or actual conflict of interest. Dr. Duckett further agrees to refrain from publicly taking positions in conflict with those of the Employer.

COMPENSATION

9. Dr. Duckett will receive an annual base salary of \$575,000.00, less lawful deductions at source. The salary will be paid in accordance with AHS's customary practices.

10. Dr. Duckett's base salary will be reviewed annually in accordance with AHS's Total Compensation Program. The Employer expressly reserves the right to maintain the salary at its current level or establish a revised base salary level.
11. In addition to annual salary, Dr. Duckett is entitled to variable pay of between 0 and 25% of his annual salary based upon the Board's determination of the achievement of performance targets for both AHS as an organization and Dr. Duckett personally. Performance targets will be established and mutually agreed by the Board of AHS and Dr. Duckett annually for each fiscal year. For the period of April 1, 2009 to March 31, 2010, the performance targets will be established and agreed upon within the first 100 days of employment.
12. AHS will pay Dr. Duckett a one-time transition payment of \$50,000.00, less lawful deductions at source, within the first month of his employment.
13. Upon the completion of each five full years of employment, Dr. Duckett will be entitled to one year of paid sabbatical leave to permit him to pursue his writing, research or teaching interests. The sabbatical year will be scheduled at a time mutually agreed by the Board of AHS and Dr. Duckett. During the sabbatical year, he will be paid his then current annual base salary only. The entitlement to sabbatical years is dependent upon completion of each five full years of employment and will not be prorated for lesser periods of employment.

BENEFITS

14. Dr. Duckett shall participate in, and be entitled to, employment benefits consistent with the benefit package in effect for AHS's management staff. Such benefits are currently comprised of extended health and vision care, dental, life insurance, accidental death and dismemberment, sick leave, and short and long term disability coverage.
15. The scope of the benefit coverage and payment of the benefit premiums under paragraph 14 above shall be as determined by the Employer from time to time. The Employer expressly reserves the right to change carriers, plans or policies, or amend or terminate coverage, as it deems appropriate. Where coverage is in force, the Employer's obligations do not extend to guaranteeing payment of claims under any particular plan or policy. The provisions of the policies and plans shall govern with respect to eligibility, plan administration and benefits provided.

16. In lieu of participation in any pension plan, including the Local Authorities Pension Plan or any supplemental pension plan, AHS will make an annual contribution to Employee's Registered Retirement Savings Plan equal to the maximum contribution allowable by the Canada Revenue Agency from time to time. Such contributions will be paid in the first 60 days of each fiscal year (i.e. in the months of April or May).
17. Dr. Duckett will have an annual professional development allowance of \$10,000.00 available to be used for the payment of personal education courses, seminars, and other professional development activities including travel costs associated with professional development. Reimbursement of such expenses will require Dr. Duckett to provide receipts, statements or vouchers to AHS prior to reimbursement.
18. Dr. Duckett will have an annual perquisites allowance of \$15,000.00 available to be used for personal financial and tax advice, club memberships and other similar purposes, payable at a rate of \$1,250.00 monthly.

RELOCATION

19. AHS will pay the reasonable expenses of moving Dr. Duckett from Australia to Edmonton. This will include:
 - a. Two trips from Australia to Canada for Dr. Duckett and his family for the purposes of purchasing real estate and other matters related to the relocation;
 - b. Flights for Dr. Duckett and his family at the time of the actual relocation;
 - c. Up to two months furnished accommodation in Edmonton following the relocation; and
 - d. Shipment of furniture and effects from Australia.
20. All flights shall be in business class for Dr. Duckett and his family.

VACATION

21. Dr. Duckett is entitled to six weeks of paid annual vacation.
22. The timing of the annual vacation will be as mutually agreed in advance between Dr. Duckett and the Board of AHS, but in the event agreement cannot be reached the Employer retains the right to unilaterally establish the vacation period or periods.

23. There will be no carry-over of vacation entitlements from year to year unless prior authorization in writing has been obtained from the Employer.
24. Upon cessation of the employment relationship for any reason Dr. Duckett is entitled only to payout of any accrued, but untaken, vacation entitlement.

AUTOMOBILE

25. Dr. Duckett is entitled to an annual taxable vehicle allowance of \$18,000.00, payable at a rate of \$1,500.00 monthly.
26. All expenses concerning the ownership, operation and maintenance of the vehicle, whether leased or owned, shall be the responsibility of Dr. Duckett.

BUSINESS EXPENSES

27. Dr. Duckett is entitled to reimbursement of business expenses incurred while on authorized AHS business, provided such claims are supported by relevant receipts and documentation, are submitted in a timely fashion and comply with applicable AHS policies and budgetary limits.

TERMINATION

28. The Employer may terminate this agreement and Dr. Duckett's employment at any time for just cause. In such circumstances Dr. Duckett is entitled to only his earned salary and other accrued entitlements to the date of termination. Upon such payment, Dr. Duckett shall have no further claim against the Employer for the termination.
29. The Employer may terminate this agreement and Dr. Duckett's employment at any time without just cause. In such circumstances, Dr. Duckett shall receive his earned salary and other accrued entitlements to the date of termination. In addition, the Employer will pay Dr. Duckett termination (severance) pay equal to 12 months base salary at the rate in effect at the date of termination. Such severance shall be paid in 12 equal monthly installments in arrears to commence upon receipt of an executed Release in a form satisfactory to AHS.

30. In the event of termination under paragraph 29, Dr. Duckett shall also be paid 15% of the severance in lieu of all other benefits.
31. Any funds payable pursuant to paragraphs 29 and 30 are to be paid to Dr. Duckett without requirement of mitigation and without deduction of any income earned by Dr. Duckett after the Termination Date.
32. In the event of termination under paragraph 29, AHS will pay the reasonable expenses of moving Dr. Duckett from Edmonton to Australia. The relocation expenses shall not exceed \$20,000.00.
33. The parties expressly acknowledge that the payment set out in paragraph 29, 30 and 32 above constitutes the agreed-upon payment in lieu of reasonable notice when Dr. Duckett is terminated without just cause. Upon such payment, Dr. Duckett shall have no further claim against the Employer for the termination.
34. Dr. Duckett may terminate this agreement and his employment upon first giving a minimum of six month's written notice. Upon such termination, the Employer will have no further obligations to Dr. Duckett.
35. This agreement, Dr. Duckett's employment and all obligations of the Employer to Dr. Duckett will also cease upon:
 - a) Dr. Duckett's death;
 - b) Dr. Duckett's permanent incapacity to perform the essential functions of the position, as determined by the Employer and a duly qualified physician selected by the Employer;
 - c) Dissolution of the Employer;
 - d) Frustration of the employment relationship; or
 - e) Mutual agreement in writing.

CONFIDENTIALITY

36. Dr. Duckett acknowledges that he is in a fiduciary relationship and position of trust with AHS. Dr. Duckett further acknowledges that through the employment responsibilities, he will acquire confidential information and data concerning the operations of the Employer.
37.
 - a) Dr. Duckett further acknowledges that the disclosure of such confidential information could be detrimental to the legitimate

interests of AHS and that AHS is therefore entitled to protect its proprietary interest in such confidential information.

- b) Dr. Duckett therefore agrees that he will not, during his employment with AHS, or thereafter, divulge, communicate or otherwise disclose to any person or body any such confidential information or use such confidential information for purposes inconsistent with the interests of AHS.
- c) This confidentiality obligation does not apply to:
 - i. information within the public domain;
 - ii. information disclosed in compliance with any applicable statute or regulation, or as compelled by a governing court or quasi-judicial body;
 - iii. information disclosed where authorized by the Employer;
 - iv. information whose disclosure or use is legitimately required to fulfill Dr. Duckett's employment duties on behalf of the AHS; or
 - v. information disclosed to Dr. Duckett's financial and legal advisors in the seeking of advice for the purposes of protecting or advancing his personal rights if in conflict with AHS, on the express condition that said advisors maintain the confidentiality thereof.

GENERAL

- 38. This agreement constitutes the entire agreement between Dr. Duckett and AHS concerning their employment relationship. It supersedes any and all other agreements or contracts, whether verbal or written, between the parties. Dr. Duckett further acknowledges that there are no promises or representations made to him apart from obligations of the Employer expressly set out in this agreement.
- 39. Dr. Duckett acknowledges that he has had a reasonable opportunity to seek independent legal advice with respect to this agreement and its terms.
- 40. Dr. Duckett agrees to immediately return to the Employer, upon cessation of the employment relationship for any reason, all business documents, records, files, computer disks, software products, equipment and all other property of the Employer, including copies of any items.

41. This agreement may be amended at any time by mutual agreement of the parties in writing.
42. The invalidity, or unenforceability, of any term of this agreement shall be severable from, and shall not affect enforceability of, the remainder of this agreement.
43. This agreement shall be interpreted and governed by the laws in force in the Province of Alberta. The Parties hereby irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta.
44. This agreement may be executed in counterparts, each of which is deemed to be an original but all of which taken together shall constitute one agreement, notwithstanding that both parties are not signatory to the same counterpart.

SCHEDULE "A"**POSITION DESCRIPTION**

1. Be accountable and report to the Chair of AHS and responsible for providing leadership and management of AHS for the administration of all its operations and programs ensuring financial, human, capital and other resource management.
2. Maintain a continuing liaison with the Deputy Minister of Health and Wellness to ensure the provision of services is consistent with the plan of operations in the Province of Alberta.
3. Ensure that high quality health care services are provided to Albertans and that all services are evaluated on an ongoing basis.
4. Keep the Board of AHS fully informed so it can manage its governance responsibilities.
5. In consultation with the Chair and the Deputy Minister, ensure AHS operates in a fiscally responsible manner.
6. Assist with, and help to ensure the orderly transition of Alberta's nine regional health authority boards, the Mental Health Board, the Cancer Board and AADAC (collectively, the "Regional Authorities").
7. Implement the policies approved by the Board of AHS.
8. Report to the Board regularly on all matters related to the management of AHS.
9. Effectively manage relations with external stakeholders under the direction of the Chair of AHS.
10. Provide leadership to management and staff of AHS.
11. Assist in ensuring AHS meets the mandate and goals as set by the Minister and the Board.
12. Ensure detailed financial reporting structures and safeguards are in place and that financial reports and statements are provided to the Board as required.
13. Ensure AHS has appropriate staff and attract and recruit management and staff as necessary and approved by the Board of AHS.

14. Ensure the development and implementation (as approved by the Chair) of a communications plan for AHS.
15. Ensure AHS meets all regulatory and legislative commitments.
16. Ensure the development and implementation of risk management procedures, reporting and administrative processes.
17. Collaborate with the management team to develop and implement plans for the operational infrastructure of systems, processes and personnel designed to accommodate the objectives of AHS.
18. Oversee the development, implementation and compliance with key AHS policies, including policies regarding corporate governance, risk management, financial reporting as well as compliance with applicable legal and regulatory requirements.
19. Assist to ensure appropriate and timely disclosure of material information to the Board, external stakeholders and the Minister.
20. Assist to establish and maintain AHS's: (i) disclosure controls and procedures; (ii) internal controls over financial reporting; and (iii) processes for certification of the public disclosure documents.
21. Perform other appropriate duties and responsibilities assigned by the Chair of AHS.
22. Comply with all reasonable directions of the Chair of AHS.
23. Adhere to all bylaws, policies, procedures, regulations, practices and guidelines of AHS.