



STATEMENT OF EXECUTIVE COMPENSATION ROYAL BC MUSEUM CORPORATION

Royal BC Museum Corporation (RBCM) - Compensation Philosophy

The RBCM's Management Compensation Program is based on a process which recognizes these fundamental determinants of salary:

- a. the duties to be performed;
- b. the employee's performance/potential; and
- c. the salaries paid for comparable positions in the external job market.

Subject to the legislative and fiscal constraints placed upon it, it is the objective of the Board of Directors of the RBCM to pay its Chief Executive Officer a salary that is sufficiently competitive in the job market.

Responsibility for Determining Compensation

The responsibility for determining base salary compensation for the Chief Executive Officer rests with the Board of Directors pursuant to the *Museum Act*. The base salary is set within the maximum total compensation guidelines as established by Cabinet and Treasury Board and was approved by the then Minister (2007). The compensation salary cap has not changed since 2007 (> 4 years) and as such, during fiscal year 2010/11, the total compensation for the Chief Executive Officer still may not exceed \$200,000.00.

Compensation Principles

The Royal BC Museum Corporation's Compensation Program introduces contemporary compensation practices to support the following principles:

- Financial expenditures for management salaries will be controlled and managed through an approved financial control model, as approved by the RBCM Board of Directors;
- The overall salaries are controlled through the annual budget process;
- Funding for management salaries will be found from within the overall annual salary budget;
- Compensation decisions should have the flexibility to address market competitiveness;
- Base pay should not exceed the maximum required to build a compensation package to recruit and retain employees as established through market comparison research;
- Compensation program must support the long-term strategy to link pay and performance;
- Market competitiveness should balance with internal relativity; and
- Executive Team has the flexibility to respond to evolving business needs.

2010/11 Compensation Discussion

The CEO's current contract was renewed in January 2011 and the base salary plus benefits remains within the compensation cap of \$200,000.00, which is in keeping with the direction received by the Minister responsible for the RBCM in 2007. "All other compensation" is a percentage of base salary paid to the BC Public Service Agency who provide benefits on behalf of public service employees, and the Royal BC Museum Corporation has no influence over this percentage rate.

This base salary within the salary cap as established for this CEO position is currently below market for similar positions across Canada and has not been reviewed since 2007. The Royal BC Museum Corporation participated in detailed national salary surveys and received copies of

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the results. The salary surveys are available for review and have been prepared by external third parties (e.g., Deloitte Touche) but were not commissioned by the RBCM. The average base salary for CEO positions in similar organizations across Canada was \$198,000 per annum (2008 figures; and does not include a re-earnable bonus or benefits as part of this calculation).

In 2010/11 the total compensation includes the one-time-only payout of prior years' earned (and banked) leave payouts which include vacation and accumulated sick bank benefits which the CEO (as a former public service employee) was eligible to have paid out. This one-time-only payment has been previously accounted for within the RBCM Financial Statements as a leave liability because it was earned and banked in prior years per the Terms and Conditions for Excluded Management Employees.

Pauline Rafferty CEO

Salary 2010/11 (\$)	Bonus (\$)	Car allowance (\$)	Pension (\$)	All Other Compensation (\$)	Prior years leave payouts	Total Compensation payable (\$)	Previous 2 Years Totals
\$157,025	\$0	\$0	\$9,526	\$20,640 ¹	\$55,743 ²	\$233,408 ³	2009/10 - \$199,779 2008/09 - \$199,779

No other positions in the Royal BC Museum Corporation have a minimum base salary of \$125,000.

This Statement of Executive Compensation has been prepared in accordance with the guidelines as established by the Public Sector Employers Council and the *Public Sector Employers Act* and the reporting requirements contained in the *Financial Information Act*.

Contact:

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¹ Includes benefits: medical, dental, group life, CPP, EI and WCB

² One time payout of leave liability (prior years vacation, sick bank, etc.)

³ Total compensation payable includes base salary, one time payout for leave liability, pension and benefits for 2010/11



May 30, 2011

Paul Straszak
President and CEO
Public Sector Employers Council
2nd Floor - 880 Douglas Street
Victoria, BC V8W 2B7

Dear Paul Straszak,

This is to confirm that the Board of the Royal BC Museum Corporation is aware of the executive compensation paid to Pauline Rafferty, Chief Executive Officer in the prior fiscal year (2010/11) and we verify that the compensation provided is within approved compensation plan and salary envelope (\$200,000 salary cap) as established and directed by government through our Minister.

Sincerely,

A handwritten signature in black ink that reads "John Williams".

John Williams
Chair
Royal BC Museum Corporation