

May 31, 2012

File No:9625-08 CEO Salary

Tom Vincent  
Assistant Deputy Minister  
Public Sector Employers' Council Secretariat

**BY E-MAIL**

Dear Tom Vincent:

**Re: Royal BC Museum Corporation  
Executive Compensation Disclosure – June 2012**

This letter is to confirm that the Board of Directors of the Royal BC Museum Corporation is aware and has approved the compensation information in the executive compensation disclosure report for the Royal BC Museum Corporation dated June 2012.

Yours truly,



John Williams  
Chair, Board of Directors



**STATEMENT OF EXECUTIVE COMPENSATION  
ROYAL BC MUSEUM CORPORATION  
June 2012**

**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 (> 5 years) and as such, during fiscal year 2011/12, the total base compensation for the Chief Executive Officer still may not exceed \$200,000.

**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.

**2011/12 Compensation Discussion**

The CEO, Pauline Rafferty, officially retired during Fiscal 2011/12; her last day at work was March 23, 2012.

During the term of her final contract, the base salary plus benefits (CPP and EI only) remained within the compensation cap of \$200,000, which is in keeping with the direction received by the Minister responsible for the RBCM in 2007.

The total compensation salary cap of \$200,000 for the 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 the results.

## STATEMENT OF EXECUTIVE COMPENSATION - RBCM

The salary surveys are available for review and have been prepared by external third parties (e.g., Deloitte Canada) but were not commissioned by the RBCM.

In 2011/12 the total compensation for the retiring incumbent includes the final payout of earned (but unused vacation) of 7 weeks and retiring allowance (3 months) which the CEO as a long term public service employee (37+ years of service) was eligible to be paid out prior to official retirement. This payout is in keeping with the process for employees who retire from the BC Public Service.

The incoming CEO started on March 26, 2012 and this salary report reflects 5 days (March 26-30, 2012).

Name & Principal Position	Salary 2011/12 (\$)	Bonus and/or Incentive Plan compensation (\$)	Benefits (\$)	Pension (\$)	All Other Compensation (\$)	Total (\$)	Previous 2 Years Totals
Pauline Rafferty <sup>1</sup>	\$196,118	\$0	\$3,372	\$0	\$60,685 <sup>2</sup> Retiring Allowance (3 months): \$49,029 Vacation: \$11,656	\$260,175	2010/11 - \$233,408 <sup>3</sup> 2009/10 - \$199,779
Jack Lohman <sup>4</sup>	\$2,622	\$0	\$603	\$0	\$0	\$3,225	n/a

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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<sup>1</sup> Retired March 23, 2012

<sup>2</sup> Includes final vacation payout (7 weeks) and retirement allowance (3 months) per pre-retirement eligibility

<sup>3</sup> Total compensation payable included base salary + one time payout for leave liability (banked vacation and sick bank credits (which were earned but not used) in 2010/11

<sup>4</sup> Start date March 26, 2012