



2008/09 COMPENSATION GUIDELINES

This document sets out policy and guidelines for Tourism British Columbia's Excluded Compensation Plan.

COMPENSATION PHILOSOPHY

Tourism British Columbia's Board of Directors approved the development and implementation of a new excluded compensation plan in 1998 to ensure relevance and a meaningful platform to compensate employees. The plan was developed by a professional, third party compensation firm (Towers Perrin) using PSEC guidelines for compensation systems. The plan, as developed by the Board of Directors, was approved by PSEC in 1999 and has been approved subsequently by Ministers of Finance.

The plan ensures compliance with guidelines in all areas:

- Relevant public and private sector comparators
- Compensation levels consistent with the 50th percentile for comparator groups
- A pay equity, gender neutral, point rated job evaluation system
- A commitment to conduct market reviews every three years
- Salary ranges
- Re-earnable incentive compensation based on industry, corporate, and individual performance with clear targets and measures

Comparator groups will be consistent throughout the lifetime of the plan.

Total compensation is made up of a combination of base salary, benefits (consistent with government standard) and a re-earnable incentive plan.

BASE COMPENSATION

Base salary pay is targeted to be at the 50th percentile of the market, with a 40% range for the minimum and maximum in each salary range. Compensation levels for the most senior positions (based on 2006 market review information) showed an average of 79% of the 50th percentile.

Control

Tourism British Columbia will manage the corporate Compa Ratio to the control range of 96% to 104%, targeting a Compa Ratio at or below 100%. Since inception, Tourism British Columbia's Compa Ratio has not exceeded the control point.



Movement Through Ranges

Salary management for individual employees will be reviewed annually in order to ensure that the corporation's salary budget (approved annually by the Board of Directors of Tourism British Columbia) is not exceeded, and that rational and objective measures of performance are observed throughout the organization.

Using the performance based system for excluded staff, the top end salary increase is 7% (for exceptional performers); the average increase is 2.6%.

The CEO, Vice President Human Resource Development, and the CFO, each year, jointly determine salary movement based on individual performance, in accordance with the Pay Movement Guideline Within Range, the total budget available for salary changes, and the organization's Compa Ratio.

Individual salary reviews are undertaken in May of each year in line with individual performance reviews, the business planning cycle and completion of the previous year's objectives.

Any pay changes are implemented in June of each year following the annual performance review, retroactive to April 1.

Pay Movement Guideline Within Range

Position in range/ performance	80% - 88%	88% - 96%	96% - 104%	104% - 112%	112% - 120%
Outstanding	6 – 7%	5 – 6%	3 – 4%	3 – 4%	2 – 3%
Superior	5 – 6%	4 – 5%	2 – 3%	2 – 3%	0 – 1%
Successful	4 – 5%	3 – 4%	0 – 2%	0 – 2%	0%
Progressing	3 – 4%	2 – 3%	0 – 2%	0%	0%
Marginal	0%	0%	0%	0%	0%

BENEFITS

- o Standard provincial government benefits i.e. health, vacation, sick leave (plus one week vacation for CEO)
- o Perquisites: none
- o Automobile Allowance: standard provincial government; CEO position only
- o Pension: standard provincial government
- o Severance: standard as per legislation



VARIABLE COMPENSATION

- Tourism British Columbia's Re-Earnable Variable Compensation program has equal measures for corporate and individual performance
 - Corporate Performance Measures (50%)
 - Industry Performance
 - Exceed or equal Board approved forecasts for province-wide hotel revenues
 - Corporate Revenues
 - Equal or exceed Board approved forecast for corporate net revenues (not including hotel tax receipts, and interest income)
 - Industry Stakeholder Satisfaction
 - Maintain or exceed 3.5 out of 5 on a scored stakeholder satisfaction survey conducted by an independent third party research firm
 - Individual Performance (50%)
 - Must come in at or under budget to receive variable compensation
 - Objectives and measures from Tourism British Columbia's Performance Achievement system.

SUMMARY

Compensation for the President & CEO was established in 1997 by the Board of Directors consistent with the *Tourism British Columbia Act* and government policy. Compensation for the CEO includes annual base salary equivalent to Deputy Minister with an annual Incentive Plan based on Corporate Revenue up to a maximum of 40% of salary, and based on corporate performance. The CEO is also provided with a standard car allowance, standard public service pension plan, as well as standard benefits and vacation (plus one week).

All other management employee compensation is reflective of the market median. Our Incentive Plan is reflective of corporate and individual performance, measured annually and paid out after receiving audited financial statements. As well, all pension and all other benefits are consistent with public service standards.

The President and CEO is responsible for operating within approved compensation budgets.



SUMMARY COMPENSATION TABLE - 2009

Name and Principal Position (a)	Salary (\$) (b)	Incentive Plan Compensation Paid* (\$) (d)	Pension (\$) (e)	All Other Compensation (\$) (f)	Total (\$) (g)	Previous Year Total (h)
President & CEO Rod Harris	266,386**	80,570	26,290	Car Allowance – 6,960 Parking – 1,500 Statutory benefits – 3,109 Non-Stat Benefits – 4,691 Total = 16,260	389,506	2008 = 330,412
Vice President, Consumer Marketing Grant Mackay	142,138	32,889	13,686	Parking – 3,000 Statutory benefits – 3,021 Non-Stat Benefits – 7,021 Total = 13,042	201,755	2008 = 192,924
Vice President, Partnership Marketing Don Foxgord	142,138	32,889	13,686	Parking – 3,000 Statutory benefits – 3,360 Vacation Payout – 2,191*** Non-Stat Benefits – 2,725 Total = 11,276	199,989	2008 = 186,527
Vice President, 2010 and Corporate Relations Raymond Chan	133,460	29,780	12,794	Parking – 1,500 Statutory benefits – 3,171 Non-Stat Benefits – 3,966 Total = 8,637	184,671	2008 = N/A
Vice President, Visitor Experiences Rick Lemon (retired December 2009)	109,262	32,725	7,988	Parking – 1,125 Statutory benefits – 572 Vacation Payout – 1,643 Non-Stat Benefits – 7,504 Total = 10,844	160,819	2008 = 194,495

* Paid out in June 2008 for fiscal year 07/08

** Includes retroactive payment from previous year

*** Unused vacation carry-over from previous year, paid out in accordance with legislative requirements.