

May 28, 2018

Christina Zacharuk
President and CEO of the PSEC Secretariat
2nd Floor, 880 Douglas Street
Victoria, BC V8W 2B7

Dear Ms. Zacharuk,

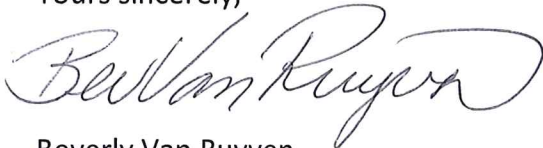
Re: University of Victoria Executive Compensation Disclosure Report

Please find attached the University of Victoria's 2017/18 Executive Compensation Disclosure Report.

This memo will confirm that the Board of Governors of the University of Victoria is aware of the compensation paid to its executives in the prior fiscal year and that the compensation information being disclosed is accurate and includes all compensation paid by the employer, foundations, subsidiaries, or any other organization related to or associated with the University.

Further, this report includes the value of any pre or post-employment payments made during the 12 month period before or after the term of employment and that the compensation provided was within approved compensation plans and complies with the April 2018 *Public Sector Executive Compensation Reporting Guidelines*.

Yours sincerely,



Beverly Van Ruyven
Acting Chair, Board of Governors
University of Victoria

Copy: K. Kilbey, Associate Vice President Human Resources





University
of Victoria

May 29, 2018

UNIVERSITY OF VICTORIA

EXECUTIVE COMPENSATION REPORT

COMPENSATION PHILOSOPHY

British Columbia's research universities are world-class institutions, with international reputations for excellence in advanced research, teaching and learning, offering innovative undergraduate, graduate and professional programs. British Columbia's research universities operate and compete on an international stage, vying with other top-ranked universities for the world's best and brightest academic and administrative leaders.

While salary is an integral part of the compensation package, all components of compensation are considered in developing a compensation plan for each member of the executive that is relevant to the individual. By maximizing the relevance of each element of the package to the individual we achieve overall cost-effectiveness of the total package.

COMPENSATION PRINCIPLES

The following compensation principles were integrated into the university's updated and approved Executive Compensation Plan in January 2017 to ensure that the UVic can attract and retain the best possible candidates for executive positions while recognizing the fiscal values of the public we serve.

- Performance:** Compensation programs support and promote a performance-based (merit) organizational culture.
- Sustainability:** Compensation plans balance affordability with the ability to remain competitive in the relevant labour market (i.e., those organizations from which each university recruits and to which it loses people).
- Differentiation:** Differentiation of salary is supported where there are differences in the scope of the position within the organization and/or due to superior individual/team performance.
- Accountability:** Compensation decisions are objective and based upon a clear and well documented business rationale that demonstrates the appropriate expenditure of public funds. UVic is committed to a robust Board governance model for executive compensation and to work through UPSEA and PSEC during the development, costing, and renewal of executive contracts.

Transparency: Compensation Plans are designed, managed and communicated in a manner that ensures the program is clearly understood by employees and the public while protecting personal information. The *Public Sector Employers' Act* requires public sector employers to disclose publicly the terms and conditions of employment – including compensation – for public sector employees who have a base salary over \$125K. The *Act* also requires that employers make contracts of employment for these employees available for inspection during regular office hours. Senior Executive compensation actually earned is publicly disclosed annually.

SALARY

The President's base salary is established at the outset of the contract and takes into consideration salaries paid at other comparable Canadian universities and any legislated total compensation maximums for Presidents established by the provincial government. These universities are intended to represent the market in which we are competing for university presidents. For Vice-Presidents, our salary philosophy is to develop a pay band that is also reflective of the market in which we are competing, particularly salaries paid at other comparable Canadian universities. To establish these salary ranges, the University conducts a national survey of the comparable Canadian Universities. Depending on the position, other comparators or benchmarks may include B.C. Public Sector organizations and other Provincial jurisdictions.

Surveys are conducted on an "as required" basis, as determined by the Compensation and Review Committee of the Board for the President and as determined by the President for the Vice-Presidents. For cost-effectiveness these surveys are often done at the same time.

For Vice-Presidents, salary ranges are adjusted as a result of market surveys and/or the amount of certain economic increases. Economic increases typically reflect the increases applied to other professional/academic employees at the University of Victoria and are normally applied annually on July 1. The current salary ranges are effective July 1, 2017.

MERIT PAY

Annual objectives are put in place for all members of the Executive. In the case of the President, the setting of objectives and how they will be measured is determined by the Board of Governors in discussions with the President. The detailed procedure for the annual review of the President is found at Schedule A of the 2017-2023 contract of employment. The current, approved contract includes scheduled salary increases of a fixed percentage per year throughout the term. These increases will proceed unless the Board decides, in its sole discretion, to withhold some or all of the increase following an unsatisfactory performance review. No other salary increases (negotiated wage increases, merit increases) are contemplated.

While the specific objectives and results are between the Board and the President, the type of goals the Board approves for the President are consistent with best practice in annual evaluation of university presidents as described in publications of the Association of Governing Boards. UVic's Board typically approves a set of substantive, high-level, timely goals for the President each spring. In a given year, the goals and associated measures might include, for example:

- Achieve a balanced year-end budget and prepare the next budget that embodies the priorities identified in the strategic plan. In this regard, the Board would want to see a balanced budget consistent with strategic plan submitted to the Board and implemented.
- Increase external relations activities and fund raising activity. In assessing whether this goal had been met, the Board would consider, for example, whether fundraising goals for the year had been met and the President's contributions to these goals.

Some goals are specific to a particular time period. For example, one past objective included the development of a position statement for the university, aligned with the pre-existing strategic plan. This was completed in early 2015. A current year objective is renewal of the strategic plan. Other goals, such as that with respect to a balanced budget, recur annually.

Vice-Presidents' objectives, and how they will be measured, are established by the President in discussions with each Vice-President. Measures may be qualitative or quantitative. The amount of merit pay is determined through the annual performance review process referenced above. Merit Pay for the Vice-Presidents is based on four merit increments. A Vice President may earn up to four merit increments in a year depending on performance. Each merit is worth $\frac{1}{4}$ of 3% of the midpoint of the approved salary range.

MARKET ADJUSTMENTS

Market adjustments may be included in addition to base salary. Market adjustments are normally determined at the time of hire or on re-negotiation of contract. Adjustments are made based on all or some of the following factors:

- the candidates' existing salary
- salary survey data
- other issues which affect the financial viability of the offer such as housing prices, loss of spousal income, loss of consulting opportunities
- concrete evidence of competing offers.

Market adjustments must meet the requirements of the University's approved compensation plan and are administered consistent with the market adjustment policy approved for UVic's Management Excluded staff.

HEALTH AND WELFARE BENEFITS, PENSION

The Executive receive the same benefits as those received by other professional/academic employee groups at the University of Victoria. Supplementary Pension Plan contributions are made when Canada Revenue Agency maximums are reached.

LEAVES

Vacation, special leave and other general leave entitlements are administered consistent with the terms and conditions of employment for Management Excluded staff at the University of Victoria.

The University acknowledges that research leaves for academic administrators are the competitive standard in Canada and are typically provided at the end of the contract to facilitate a return of the executive to academic rank. They are reasonably adjudicated and fully costed as they are earned as part of overall compensation.

The accumulation of research leaves is limited to eighteen (18) months irrespective of the number of contract renewals and limited to no more than (12) months for the first (5) year appointment.

PERQUISITES/REIMBURSEMENTS

A determination as to whether a particular perquisite is required is based on: whether it is consistent with the overall compensation package, required to assist in the effective carrying out of the position's role, and whether the perquisite is offered by comparable and/or competing universities and/or to professional/academic employees at UVic, and consistent with the institution's role as a public institution. Perquisites must be cost effective for recruiting and retention purposes.

For the President, perquisites are negotiated by the Board as part of contract negotiations. For Vice-Presidents perquisites are negotiated with the President at the commencement of the Vice-President's contract. The President provides details of the Vice-Presidents' contracts to the Compensation and Review Committee of the Board for information purposes

Reimbursement for out-of-pocket expenses will be consistent with university policy for other professional/academic employee groups.

APPLICATION:

The current, approved Executive Compensation Plan applies to the President, Vice-Presidents and Associate Vice Presidents at the University of Victoria.

Summary Compensation Table at 2018

Name and Position	Salary	Holdback/Bonus/ Incentive Plan Compensation	Benefits	Pension	All Other Compensation (expanded below)	2017/2018 Total Compensation	Previous Two Years Totals Total Compensation	
							2016/2017	2015/2016
James Cassels, President and Vice Chancellor	\$ 369,602	-	\$ 7,442	\$ 46,036	\$ 135	\$ 423,215	\$ 415,246	\$ 407,702
David Castle, Vice President, Research	\$ 245,442	-	\$ 5,429	\$ 30,267	\$ 13,029	\$ 294,167	\$ 279,778	\$ 274,939
Carmen Charette, Vice-President External Relations	\$ 256,870	-	\$ 5,271	\$ 31,719	\$ 300	\$ 294,160	\$ 280,623	\$ 275,422
Gayle Gorrill, Vice President Finance & Operations	\$ 266,087	-	\$ 7,742	\$ 32,889	-	\$ 306,718	\$ 297,025	\$ 291,547
Valerie Kuehne, Vice President Academic and Provost	\$ 301,018	-	\$ 7,384	\$ 36,932	\$ 600	\$ 345,934	\$ 327,000	\$ 318,663

Notes

James Cassels, President and Vice Chancellor	<p>General Note: Second term as President started July 1, 2017. Most recent salary increase = 2% on July 1, 2017 as per employment contract. The President is the only member of the executive team who is a member of the Board. The President receives no additional compensation for these duties.</p> <p>Other Note: \$135 annual taxable benefit assessed for lifetime membership to university athletics facilities gifted by Vikes Athletics and Recreation following term as Provost in 2010. Not associated with role as President.</p>
David Castle, Vice President, Research	<p>General Note: Term started July 1, 2014 Salaries for Vice Presidents were frozen between September 2012 and June 2016 by the Public Sector Management and Executive Compensation Freeze Policy. Interim salary range progression adjustments for Vice Presidents occurred on July 1, 2016, January 1, 2017, and July 1, 2017 as part of a managed transition from the Public Sector Management and Executive Compensation Freeze Policy to the approved January 2017 Executive Compensation Plan.</p> <p>Other Note: Includes the taxable benefit for Interest free home relocation loan plus 2nd installment of the forgivable home purchase loan.</p>
Carmen Charette, Vice-President External Relations	<p>General Note: Employment started August 1, 2012 Salaries for Vice Presidents were frozen between September 2012 and June 2016 by the Public Sector Management and Executive Compensation Freeze Policy. Interim salary range progression adjustments for Vice Presidents occurred on July 1, 2016, January 1, 2017, and July 1, 2017 as part of a managed transition from the Public Sector Management and Executive Compensation Freeze Policy to the approved January 2017 Executive Compensation Plan.</p> <p>Other Note: Taxable benefit associated with interest free home relocation loan</p>
Gayle Gorrill, Vice President Finance & Operations	<p>General Note: Employment started September 1, 2006 Salaries for Vice Presidents were frozen between September 2012 and June 2016 by the Public Sector Management and Executive Compensation Freeze Policy. Interim salary range progression adjustments for Vice Presidents occurred on July 1, 2016, January 1, 2017, and July 1, 2017 as part of a managed transition from the Public Sector Management and Executive Compensation Freeze Policy to the approved January 2017 Executive Compensation Plan.</p>
Valerie Kuehne, Vice President Academic and Provost	<p>General Note: Term started July 1, 2015. Actual base salary includes one-time \$3096 retroactive payment for union dues deducted in error while employed in excluded role. Salaries for Vice Presidents were frozen between September 2012 and June 2016 by the Public Sector Management and Executive Compensation Freeze Policy. Interim salary range progression adjustments for Vice Presidents occurred on July 1, 2016, January 1, 2017, and July 1, 2017 as part of a managed transition from the Public Sector Management and Executive Compensation Freeze Policy to the approved January 2017 Executive Compensation Plan.</p> <p>Other Note: \$600 received for the sale of commissioned art (2 pieces). Not associated with VPAC role.</p>