



University
of Victoria

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MEMO

Date: June 5, 2012
To: Paul Straszak, Chief Executive Officer, Public Sector Employers' Council
From: Susan Mehinagic, Chair, Board of Governors
Re: **Executive Compensation Disclosure**

Attached please find the University of Victoria's 2011-12 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 past fiscal year and that the compensation was within approved compensation plans.

Susan Mehinagic

June 2012

UNIVERSITY OF VICTORIA
EXECUTIVE COMPENSATION REPORT

COMPENSATION PHILOSOPHY

The University of Victoria's executive compensation philosophy is to develop compensation packages that allow the University to attract, develop and retain the best possible candidates from a global market. Once hired, members of the executive participate in a rigorous performance development and review system.

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.

SALARY

The President's base salary is established from the average salary paid at other comparable Canadian universities. 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 with a mid point that reflects an average salary. To establish an average salary the University conducts a national survey of the comparable Canadian Universities used for assessing the President's salary.

Surveys are conducted on an "as required" basis, as determined by the Compensation 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 any economic increases. Economic increases typically reflect the increases applied to other employees at the University of Victoria.

For the President, a base salary is established at the outset of the contract. The current six-year contract makes provision for one review of the President's salary (July 1, 2011). The review is based on the salaries paid at comparable Canadian universities. The amount of adjustment that results from this review is at the discretion of the Board, takes into account the quality of the President's performance and will be consistent with public sector executive compensation guidelines in effect at the time.

MERIT PAY

Vice-Presidents progress through the salary range based on merit. The amount of merit pay is determined through the annual performance review process and includes the setting of annual objectives.

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 in discussions with the President. 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.

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.

Merit Pay for the President takes the form of a re-earnable incentive plan. The re-earnable amount can range from 0% to 15% of base salary. The re-earnable amount is based on a review of the President's performance by the Board using the degree of success the President has had in meeting both general performance criteria and annual performance objectives.

The setting of objectives and how they will be measured is determined by the Board in discussions with the President. The detailed procedure for the annual review of the President is found at Schedule 1 of the 2009-2015 contract of employment. 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 recent objective was effective management of the federal/provincial Knowledge Infrastructure Program activity. The outcome, which was achieved, was completion of the infrastructure renewal on time and on budget. Other goals, such as that with respect to a balanced budget, recur annually.

MARKET ADJUSTMENTS

Market adjustments may be included in addition to base salary. Market adjustments are 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.

HEALTH AND WELFARE BENEFITS, PENSION

The Executive receive the same benefits as those received by other employee groups at the University of Victoria. Supplementary Pension Plan contributions are made when Revenue Canada maximums are reached. In May 2011, Combination Pension Plan contributions were adjusted following an actuarial valuation.

LEAVES

Vacation entitlements are consistent with those provided other employees at the University of Victoria.

For Academic executive appointments a research leave is typically provided at the end of the contract in order to facilitate a return of the executive to academic rank. For the purposes of this report, research leaves are costed as they are earned.

PERQUISITES

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. 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 Committee of the Board for information purposes

Summary Compensation Table - 2009/2010

Position	Name	Salary (\$) (b)	Bonus (\$ (c))	Incentive Plan Compensation Paid (\$) (d)	Pension (\$) (e)	All Other Compensation (\$) (f) ¹	Total (\$) (g)
President & Vice Chancellor	David Turpin	357,190		46,149	34,961 ²	40,863 ³	479,163
VP Academic & Provost	James Cassels	271,542		10,064	27,402	17,653	326,661
VP Finance & Operations	Gayle Gorrill	229,462		9,172	23,105	23,040 ⁴	284,780
VP External Relations	Valerie Kuehne	204,757		9,172	20,635	7,658	242,222
VP Research	J. Howard Brunt	201,032		8,196	20,164	8,907	238,300
		1,263,984		82,753	126,267	98,122	1,571,126

The President is the only member of executive who is a member of the board.

The President receives no additional compensation for these duties.

¹ Includes taxable benefit for employer portion of health benefits and government benefits and pro-rated value of research leaves

² The potential liability to the University resulting from the interaction of recognition of past service and the approved 2009-2015 compensation framework was actuarially estimated. The potential impact of this is approximately \$71,700 in each year of the contract (prorated in year 1) and the University has accommodated this accordingly.

³ Includes housing and car allowance April – June 2009

⁴ Includes taxable benefit for interest free home relocation loan and forgivable portion of home purchase loan

Summary Compensation Table - 2010/2011

Position	Name	Salary (\$) (b)	Bonus (\$ (c))	Incentive Plan Compensation Paid (\$) (d)	Pension (\$) (e)	All Other Compensation (\$) (f) ¹	Total (\$) (g)
President & Vice Chancellor	David Turpin	373,700		56,055	36,596 ²	28,458	494,809
VP Academic & Provost	James Cassels ³	206,143		8,979	20,935	10,877	246,935
VP Academic & Provost	Reeta Tremblay ⁴	65,000			6,303	9,518 ⁵	80,821
VP Finance & Operations	Gayle Gorrill	239,394		10,512	24,217	23,077 ⁵	297,200
VP External Relations	Valerie Kuehne	215,113		10,512	21,789	7,718	255,132
VP Research	J. Howard Brunt	210,283		9,936	21,248	8,090	249,557
		1,309,633		95,994	131,088	87,738	1,624,453

The President is the only member of executive who is a member of the board.

The President receives no additional compensation for these duties.

¹ Includes taxable benefit for employer portion of health benefits and government benefits and pro-rated value of research leaves

² The potential liability to the University resulting from the interaction of recognition of past service and the approved 2009-2015 compensation framework was actuarially estimated. The potential impact of this is approximately \$71,700 in each year of the contract (prorated in year 1) and the University has accommodated this accordingly.

³ Term ended December 31, 2010

⁴ Term started January 1, 2011

⁵ Includes taxable benefit for interest free home relocation loan and forgivable portion of home purchase loan

Summary Compensation Table - 2011/2012

Position	Name	Salary (\$) (b)	Bonus or Incentive Plan Compensation Paid (\$) (d)	Benefits (\$) (d)	Pension ¹ (\$) (e)	All Other Compensation (\$) (f)	Total (\$) (g)
President & Vice Chancellor	David Turpin	373,700	56,055	7,918	45,824 ²	Research Leave: 20,617	504,114
VP Academic & Provost	Reeta Tremblay ³	260,000	3,368	7,084	32,068	Interest free housing loan: 21,950 ⁴ Admin/Research Leave: 15,816	340,286
VP Finance & Operations	Gayle Gorrill	252,332	0 ⁵	7,494	30,684	Interest free housing loan: 15,592 ⁶	306,102
VP External Relations	Valerie Kuehne	223,280	8,541	7,829	28,133	Leave payout: 65,866	333,650 ⁷
VP Research	J. Howard Brunt	220,219	9,936	6,980	27,934	Admin/Research Leave: 2,682	267,751 ⁸
		1,319,019	88,412	37,305	164,643	142,524	1,751,903

The President is the only member of executive who is a member of the board.

The President receives no additional compensation for these duties.

¹ Both employer and employee contributions to the Combination Pension Plan increased in May 2011 in accordance with actuarial recommendations.

² The potential liability to the University resulting from the interaction of recognition of past service and the approved 2009-2015 compensation framework was actuarially estimated. The potential impact of this is approximately \$71,700 in each year of the contract (prorated in year 1) and the University has accommodated this accordingly.

³ Term started January 1, 2011 – 2011/12 represents the first full fiscal year of compensation reporting.

⁴ Includes taxable benefit for interest free home relocation loan and forgivable portion of home purchase loan.

⁵ Salary ceiling reached in 2011.

⁶ Includes taxable benefit for interest free home relocation loan and forgivable portion of home purchase loan.

⁷ Total compensation increase > five per cent resulting from combination of range progression, changes to pension contribution rates and leave payout.

⁸ Total compensation increase > five per cent resulting from combination of range progression and changes to pension contribution rates.