

Hay ch qa' sii'em siye'yu mukw mustimuxw.

Vancouver Island University students, staff, faculty and administration acknowledge and thank the Snuneymuxw First Nation, Tla'amin First nation and Cowichan Tribes for welcoming students, staff, faculty and administration to teach, learn, live and share educational experiences on the traditional territories of these nations.

Vancouver Island University

Executive Compensation Discussion and Analysis

On behalf of the Vancouver Island University Board of Governors, I am pleased to present the full disclosure of all compensation paid to our top five senior officers. The Board of Governors has reviewed our previous executive compensation disclosure statements, and has improved on our commitment to full and transparent reporting.

As the University matures, we have refined our executive team. We are reporting the full compensation of our "Senior Management Group". The "Senior Management Group" is the core group of five leaders that guides our University, in the achievement of the goals outlined in Vancouver Island University's Academic Plan:

<https://www.viu.ca/integratedplanning/documents/VIUAcademicPlanFINALMARCH2011.pdf>

The two individuals who were reported in previous years continue to serve the University well, in important roles but they do not participate in the five person "Senior Management Group". The Executive Director of Infrastructure and Ancillary Services and the Associate Vice President, Academic Planning and Aboriginal Initiatives, are compensated on the same salary grid as the University Secretary and the Executive Director of University Relations. Their compensation has been disclosed as required by the *Financial Information Act*, and also is reported into the Senior Employee Compensation Reporting Data Base. <http://www.fin.gov.bc.ca/psec/guidelines/#database>

Compensation Decisions

As part of the British Columbia public sector, the University is guided and complies with direction provided by the Government of British Columbia. The compensation disclosed is within approved compensation plans.

Within these required parameters, Vancouver Island University has done our best to design a compensation plan to attract and retain the leadership required to reflect our core values and achieve the outcomes identified in our Academic Plan.

The compensation for the President and Vice Chancellor is determined by the Board of Governors, within the guidelines provided by the Government of British Columbia. The compensation for the remaining members of the Senior Management Group is determined by the President and Vice Chancellor, and is within approved limits.

Compensation Philosophy

Vancouver Island University's executive compensation is positioned to neither lead nor lag our market of other similar sized and purposed post-secondary institutions in British Columbia. A more fulsome market analysis (including institutions outside of British Columbia) is provided by the Post Secondary Employers' Association of British Columbia and by independent experts. While our compensation does not lag nor lead our market of other similar sized and purposed post-secondary institutions in British Columbia, it does lag the compensation paid to other executives in other similar sized and purposed post-secondary institutions in the rest of Canada.

When recruiting both our Vice-Presidents, it was determined that our internally developed compensation system was lagging our external market in British Columbia and significantly lagging our market comparators in the rest of Canada, preventing us from attracting and retaining the caliber of candidates required to lead the institution into full university status. Therefore, modest labour market adjustments were added to the compensation of the Provost and Vice-President Academic and the Vice President, Administration and Finance, bringing their compensation closer to the compensation paid to comparable roles in comparable British Columbia public sector post-secondary institutions. The market adjustments were within the guidelines and approved by the Government of British Columbia. These market adjustments will be paid annually, and will be reviewed upon the renewal of the five year employment contracts. The labour market adjustments are fully disclosed in the summary table.

Vancouver Island University has modeled our compensation to reflect compensation models in the post-secondary sector, including five year renewable term contracts for the President and Vice Presidents, and the ability to grant one year administrative leaves to the President and Vice Presidents for each five year term. Term contracts allow the Board of Governors and/or the President to continually assess and celebrate the successes of these senior leaders. Administrative leaves support the University's commitment to learning, discovery and engagement.

The compensation statement discloses the compensation associated with the administrative leaves granted to the President and Vice-Chancellor, the Provost and Vice-President Academic, and the Vice-President, Administration and Finance. As the University moves to the Public Sector Accounting Board of Canada (PSAB) accounting standards, the University has adapted the PSAB principles to disclose the compensation associated with the administrative leaves. The administrative leave will be paid to the President to perform duties assigned by the Chair of the Board of Governors to the President. The President may also make assignments to the Vice Presidents while they are on administrative leave. The

methodology used to calculate the estimated value of the administrative leaves is included in the notes attached to the summary compensation table.

Our senior executives participate in the College Pension Plan, a legislative based defined benefit plan that serves the public sector colleges and institutes in British Columbia. The full cost of the pension contributions is included in the summary compensation table.

Senior executives participate in the same benefit plan as all other administrative staff. For those senior executives over the age of 65, who are no longer eligible for insured benefits, VIU has created a health spending account with the premiums that would have been paid for insured benefits. Senior executives (with exception of the President and Vice Chancellor) are eligible for six weeks' vacation, as are all other administrative staff. The President and Vice Chancellor is granted eight weeks' vacation. Again, the benefit, pension and vacation periods mirror post-secondary standards, thus supporting our decision to neither lead nor lag the British Columbia market.

This rather conservative approach to compensation has required Vancouver Island University to work extremely hard to attract and retain capable leadership to our dynamic institution that serves Vancouver Island and the Sunshine Coast. We use our location to attract individuals, and the successes our students and employees celebrate at Vancouver Island University to retain a strong executive team. To date, we have been successful at attracting senior leaders because of the success of our University and the beauty and affordability of our region. However, recent competitions have demonstrated that our choice of paying to the mid-range of similar British Columbia post-secondary institutions makes it difficult to attract and retain leaders from the larger British Columbia post-secondary labour market, and very difficult to recruit people in comparable senior leadership roles from outside British Columbia.

Performance Plan

Annually, the President and Vice Chancellor presents a performance plan (rooted in the Academic Plan) to the Board. Once approved, the Board of Governors receives periodic progress reports, and performs a full review of outcomes relative to the performance plan. Results of this annual planning and review process shape the direction for the upcoming year.

The University has not adopted a "Pay for Performance/Incentive/Bonus Plan", as to do so would further reduce the base salaries, and put us considerably further behind similar sized and purposed British Columbia post-secondary institutions, and almost completely out of the market for the rest of Canada. We also believe that by providing a great place to live and work, mid-market compensation, and the challenge of being part of a University that celebrates our students' and our institution's successes, we have been able to attract and retain leaders who reflect our core values, including achievement, celebration and sustainability.

Conclusions

Vancouver Island University has worked hard to live the values and achieve the goals identified in our Academic Plan. We are a maturing university, intent on implementing best practices with regards to

accountability. A key element of accountability is transparency. Therefore we have tackled improving our executive compensation disclosure processes, as one of many processes that we continually strive to attain best practices levels.

It is in this vein that I am compelled to note that by neither leading or lagging our executive compensation in comparison with other similar sized and purposed post-secondary institutions in British Columbia significantly reduces our pool of candidates likely to have a reasonable chance at being successful at Vancouver Island University. Comparable institutions in the rest of Canada, particularly western Canada, compensate their senior executive significantly higher than the compensation paid to comparable British Columbian senior leaders in our sector.

To date we have been able to attract candidates, but this is becoming increasingly difficult. We believe that it will not serve our sector well to continue to recruit individuals away from our sister institutions in British Columbia. We must also report that we have lost highly skilled candidates due to our compensation lagging similarly sized and purposed institutions outside of British Columbia.

It is important to adhere to the limits set by the Government of British Columbia on executive compensation, equally, as Board Chair it is responsible to note that the current limits on executive compensation in our sector create significant challenges in recruiting and retaining the caliber of leaders we require to assist us in achieving our Academic Plan.

Mike Brown,


Chair of the Board of Governors

Vancouver Island University

Summary Compensation Table at FISCAL, 2013

Name and Position (a)	Salary (b)	Bonus and / or Incentive Plan Compensation (c)	Benefits (d)	Pension (e)	All Other Compensation* (expanded below)	2012/13 Total	Previous Two Years Totals	
							2011 / 12	2010 / 11
Ralph Nilson, President & Vice-Chancellor	\$ 179,512	\$ -	\$ 12,245	\$ 18,916	\$ 30,522	\$ 241,195	\$ 238,763	\$ 248,116
David Witty, Provost & VP Academic	\$ 154,864	\$ -	\$ 5,329	\$ 15,765	\$ 11,972	\$ 187,930	\$ 188,240	\$ 142,735
Patricia Eagar, VP, Administration & Finance	\$ 154,864	\$ -	\$ 12,582	\$ 15,765	\$ 14,748	\$ 197,959	\$ 195,271	\$ 194,977
Diny van Beers, University Secretary/Senior Policy Advisor	\$ 133,495	\$ -	\$ 11,829	\$ 12,693	\$ 9,241	\$ 167,258	\$ -	\$ -
Dan Hurley, Executive Director, University Relations	\$ 77,016	\$ -	\$ 9,601	\$ 6,962	\$ 13,903	\$ 107,482	\$ -	\$ -

*Summary Other Compensation Table at FISCAL, 2013

Name and Position (a)	All Other Compensation	Severance (f)	Vacation payout (g)	Leave payout (h)	Vehicle / Transportation Allowance (i)	Perquisites / other Allowances (j)	Other (k)**
Ralph Nilson, President & Vice-Chancellor	\$ 30,522	\$ -	\$ 5,523	\$ -	\$ 2,336	\$ -	\$ 22,663
David Witty, Provost & VP Academic	\$ 11,972	\$ -	\$ -	\$ -	\$ 1,963	\$ -	\$ 10,009
Patricia Eagar, VP, Administration & Finance	\$ 14,748	\$ -	\$ 3,170	\$ -	\$ 1,569	\$ -	\$ 10,009
Diny van Beers, University Secretary/Senior Policy Advisor	\$ 9,241	\$ -	\$ 9,241	\$ -	\$ -	\$ -	\$ -
Dan Hurley, Executive Director, University Relations	\$ 13,903	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,903

Please see attached notes (next page)

Notes:

****Other (k) Detail**

Ralph Nilson - Other: Benefits ceiling paid at 25% of gross salary less employer paid benefits = \$17,630, mortgage interest \$5,033

David Witty - Other: Labour Market Adjustment \$10,009

Patricia Eagar - Other: Labour Market Adjustment \$10,009

Dan Hurley - Employment commenced Sept 1, 2012. Other: Relocation Expenses \$13,903

Administrative Leaves

Administrative leaves at VIU are not automatic. All leaves require the completion of full five year terms before individuals are eligible for the leaves. Even upon completion of the five year term, leave will only occur upon approval. Using PSAB accounting practices, we have elected not to show these leaves as accrued until individuals have completed their full terms, and the leaves have been approved.

To support full transparent disclosure principles the following individuals will be eligible to apply for/or have already accrued (but not paid) administrative leaves as follows:

Ralph Nilson

2013 - Annual salary & benefits (estimated \$232,631.00) accrued but not paid. The administrative leave is a one year employment contract commencing January 1, 2017. Duties and responsibilities for this one year term contract will be assigned by the Board Chair.

2016 - Board Chair will entertain application for second one year assignment, should the President successfully complete a second five year term. Assignment would commence January 1, 2018.

David Witty

2015 - Eligible for one year administrative leave upon approval by the President and upon concluding the five year term contract.

Patricia Eagar

February 2014 - Will be granted the one year administrative leave should the VPAF complete the full five year term.

Positions Previously Reported

Ric Kelm (Executive Director) and Steve Lane (Associate Vice President) were reported in the 2011-2012 disclosure, as they were the five highest paid individuals at the University. Vancouver Island has determined that it is more appropriate to disclose the compensation paid to the five person "Senior Management Group". Neither Ric Kelm or Steve Lane are members of the "Senior Management Group". Their compensation continues to be reported and disclosed under the Financial Information Act, and reported into the Senior Employee Compensation Reporting Database.

<http://www.fin.gov.bc.ca/psec/guidelines/index.htm#database>

The two positions that have not previously been reported (University Secretary and Executive Director, University Relations) are compensated on the same scale as the AVP or the Executive Director, Infrastructure and Ancillary Services, and in any given year may earn slightly more or less than positions previously reported (Associate Vice President and Executive Director, Infrastructure).