



May 8, 2015

Ms. Christina Zacharuk  
Interim President & CEO  
Public Sector Employers' Council Secretariat  
Suite 210, 880 Douglas St  
Victoria, BC V8W 2B7

Dear Ms. Zacharuk,

Further to the 2014-2015 Public Sector Executive Compensation Reporting Guidelines, I am writing to confirm the following:

- The appropriate committee of the Board of Governors, the Executive Committee, is aware of the executive compensation paid by the University of British Columbia in the 2014-2015 fiscal year;
- The compensation information being disclosed is accurate and includes all compensation paid by the University, foundations, subsidiaries, or any other organization related to or associated with the University. It also includes the value of any pre or post-employment payments made during the 12-month period before or after the term of employment; and,
- As Chair of the University's Board of Governors and of the Executive Committee, I verify such compensation was within approved compensation plans, and complies with guidelines.

If you have any questions or comments, please do not hesitate to forward them to me c/o Ms. Reny Kahlon, Director, Board of Governors Secretariat.

Yours truly,

John S. Montalbano  
Chair, UBC Board of Governors



**Public Sector Executive Compensation Reporting – Fiscal Year 2014/15**  
**Compensation Philosophy of The University of British Columbia**

The University's compensation philosophy is outlined below. However, in fiscal year 2014/15 the government-imposed "salary freeze" for public sector management, including at universities, continued. This was effective September 13, 2012, and remains in place at the date of completing this report.

**[1] Material principles and underlying policies and decisions for compensation provided to the President and senior administrators for the most recently completed fiscal year**

- As one of the highest ranked universities in Canada, and one of the top 40 universities in the world, UBC seeks to retain and attract the best senior administrators it can by remaining competitive in its compensation practices with other large research-intensive universities represented by the U15 (i.e., leading research-intensive universities in Canada), and in particular the University of Toronto and the University of Alberta, and with the global market for senior administrator talent generally.
- The compensation framework is designed to reward sustained performance.
- In recent years, UBC had to introduce an element of housing assistance into the compensation framework to attract senior administrator talent to Metro Vancouver, particularly UBC's location at the end of a peninsula surrounded by Vancouver's most expensive real estate.
- Higher compensation values are often provided to senior academic roles such as the President, Provost and VP Academic, Deputy Vice Chancellor & Principal at UBC Okanagan, and Vice President Research & International to recognize that they have augmented their core academic roles with very senior administrative responsibilities, and to provide incentives for faculty members to undertake these significant administrative roles.
- Compensation values for senior administrative roles reflect a weighting of public and private sector values, with a clear weighting in favour of the public sector, and more particularly UBC's university competitors in Canada and internationally.
- As approved by the Public Sector Employers' Council (PSEC), the President's arrangement represents the organization's maximum compensation, and all other senior administrators must not exceed 90% of that of the President.



- Pension and benefit arrangements should mirror those of the employee group that most closely approximates the nature of the role. For academic senior administrators, benefits mirror those received by faculty members. For non-academic senior administrators, benefits mirror those received by management staff.
- Annual performance reviews, as described below, are primarily driven by performance, and increases are typically provided as a recurring addition to base salary. This is intended to recognize the prior year's performance and the promise of future performance. In addition, there is a review of internal equity across senior administrator positions.

### **Responsibility for Senior Administrator Compensation**

- The responsibility for senior administrator compensation rests with the Executive Committee of the UBC Board of Governors after receiving recommendations from the President for all senior administrators reporting to him. The foundation of the process is each senior administrator's development of performance objectives at the outset of the performance period. These performance objectives align with the University's strategic priorities and operational imperatives. Actual performance is reviewed against objectives, together with the setting of the next year's objectives. The President is not reviewed for annual salary increases; rather, his salary is established in the employment agreement approved by PSEC and the responsible Minister.

### **[2] Changes Since Fiscal Year End**

- No new policies, actions, or decisions were made after the end of the most recently completed fiscal year that would affect a fair understanding of the compensation of the President and senior administrators for the last fiscal year.



**[3] Incentive Plan Performance Targets and Objective Identifiable Measures Related to the Pursuit of Performance Targets**

- Arvind Gupta became UBC's 13<sup>th</sup> President effective July 1, 2014. His compensation package does not include a performance bonus.
- UBC's previous President, Stephen Toope, received a performance bonus in 2014/15 for achievement of 2013/14 goals, including goals related to UBC's strategic plan, personal fundraising, and annual academic and research ranking.

**[4] Leaves**

- Vacation and academic leaves are provided to the President and senior administrators. These relate to UBC's compensation philosophy in that they comprise an important part of the total compensation package to attract and retain outstanding senior administrators. The maximum vacation permitted is six weeks. Academic leaves are provided as an incentive, common across universities, for faculty members to assume academic senior administrator roles. During these term positions they do not accrue service towards study or sabbatical leaves that they would normally receive as a faculty member under their collective agreement.

**Footnote to Summary Compensation Table: UBC Supplemental Arrangement**

- The total pension contributions made by the employee and the university in any one year cannot exceed the contribution limit, which is 18% of annual earnings, or \$24,930 for 2014, whichever is less. Salaries exceeding \$177,960 in 2014 would have reached this limit. Excess University contributions are directed to the non-registered supplemental arrangement (SRP).
- The SRP contribution amount is that which the employer would be required to contribute to the Faculty Pension Plan (FPP) if there wasn't a maximum limit imposed by the Income Tax Act.
- The employer is the sole legal and beneficial owner of all assets in the SRP. All assets held in the SRP will be available for general creditors of the employer.
- The employer invests the assets.
- Withdrawals from the SRP are available only at termination, retirement, or death.

# THE UNIVERSITY OF BRITISH COLUMBIA



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(a) Name and Principal Position	(b) Salary (\$)	(c) Incentive Plan Compensation Paid (\$)	(d) Benefits <sup>1</sup> (\$)	(e) Pension <sup>2</sup> (\$)	(f) All Other Compensation (\$)	(g) Total (\$)	(h) Three Years' Totals
Arvind Gupta President & Vice Chancellor (effective July 1, 2014)	\$335,063 <sup>3</sup>	\$0	\$9,319	\$32,840	Perqs: Housing <sup>5</sup> \$21,434 Other <sup>6</sup> \$1,311	\$399,967	2014/15 = \$399,967 2013/14 = NEW
Stephen Toope, President & Vice Chancellor (up until June 30, 2014)	\$94,500 <sup>4</sup>	\$50,000	\$4,459	\$48,680	Perqs: Housing <sup>5</sup> \$34,461 Other \$3,560 <sup>6</sup> \$43,616 <sup>7</sup>	\$279,276	2014/15 = \$279,276 2013/14 = \$587,366 2012/13 = \$582,860
David Farrar, Provost & VP Academic	\$340,000	\$0	\$7,511	\$33,113	Perqs <sup>6</sup> \$1,311	\$381,935	2014/15 = \$381,935 2013/14 = \$384,923 2012/13 = \$378,354
Deborah Buszard, Deputy Vice Chancellor & Principal – UBC Okanagan	\$280,000	\$0	\$7,381	\$27,113	Perqs <sup>6</sup> \$4,523	\$319,017	2014/15 = \$319,017 2013/14 = \$320,586 2012/13 = NEW
Pierre Ouillet, VP, Finance, Resources, and Operations (up until September 6, 2014)	\$127,358 <sup>8</sup>	\$0	\$2,312	\$12,332	Other \$353,757 <sup>9</sup> \$30,000 <sup>10</sup> \$1,311 <sup>6</sup>	\$527,070	2014/15 = \$527,070 2013/14 = \$362,994 2012/13 = \$335,343
Barbara Miles, VP Development & Alumni Engagement	\$289,417 <sup>11</sup>	\$0	\$7,742	\$28,055	Perqs <sup>6</sup> \$6,663	\$331,877	2014/15 = \$331,877 2013/14 = \$323,424 2012/13 = \$322,404

# THE UNIVERSITY OF BRITISH COLUMBIA



## **Footnotes:**

[1] Includes employer cost of health & welfare benefits and government benefits (i.e., CPP, WCB, EI). Small year over year changes occur in total compensation while salaries are stable due to variations such as inflationary fluctuations in the cost of health & welfare and government benefits.

[2] Includes supplemental pension.

[3] Annualized salary is \$446,500.

[4] Annualized salary was \$378,000.

[5] Taxable benefit related to UBC's requirement that the President and his family live in the Norman Mackenzie House on the Vancouver campus.

[6] Includes benefits such as health assessments and financial planning that are permitted annually under the executive's contract, but that are used to varying degrees from year to year. "Actual" expenditures are reported, and therefore year over year fluctuations occur.

[7] Earned vacation payout.

[8] Annualized salary was \$295,800.

[9] Severance. A new VP, Finance was appointed, effective June 22, 2015; in the interim (approximately 10 months), other VPs were responsible for the portfolio.

[10] Payment for an adjunct academic appointment and associated responsibilities (separate from role of VP, Finance, Resources & Operations, but paid by UBC, so reported herein).

[11] Increase was for interim significant additional responsibilities (addition of a second VP portfolio starting in December 2014).