

**2008-04** April 17, 2008

By E-mail: One page plus attachments

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## **Bill 33, Miscellaneous Statutes Amendment Act, 2008**

The provincial government today introduced Bill 33, Miscellaneous Statutes Amendment Act. Included in the legislation are amendments to the *Public Sector Employers Act* which will remove the position of Superintendent from the sectoral exempt staff compensation administration regime and, at the same time, put in place enhanced compensation disclosure requirements for CEOs in the public sector, including the position of Superintendent in the K-12 public education sector.

Attached please find the news release and backgrounder prepared by the Ministry of Finance, which accompanied introduction of the legislation.

BCPSEA is reviewing the amendments and will provide an update once the legislation is enacted.

### **Questions**

If you have any questions in the interim, please contact Deborah Stewart, Senior Human Resources Consultant, at [deborahs@bcpsea.bc.ca](mailto:deborahs@bcpsea.bc.ca) or 604.730.4506.

Attachments:  
Ministry of Finance news release  
Ministry of Finance backgrounder

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## NEWS RELEASE

For Immediate Release  
2008FIN0007-000558  
April 17, 2008

Ministry of Finance

### **NEW DISCLOSURE TO IMPROVE PUBLIC SECTOR TRANSPARENCY**

VICTORIA – Disclosure of executive compensation across British Columbia’s public sector will be clarified and expanded through amendments to the Public Sector Employers Act introduced today, announced Finance Minister Carole Taylor.

The changes will help bring public sector compensation reporting to best practice standards and provide the public with far more detail on the underlying compensation philosophy of an organization and how that compensation relates to performance.

“These changes will further increase transparency and accountability across the public sector,” said Taylor. “We have worked with public sector employers to bring compensation disclosure to best practice standards. We will move beyond simply reporting what people were paid to a more detailed explanation on all the elements that make up the compensation package for the individual.”

The amendments will allow the government to require public sector organizations to proactively disclose the major elements of compensation, including base salary, benefits, employer pension contributions, and performance payments. The enhanced disclosure requirements will apply to chief executive officers and the next four highest paid executives, where these positions hold an annual base salary of \$125,000 or more.

In addition, each organization will need to provide an explanation of their compensation philosophy, the objectives of the compensation program and what it is designed to reward, and how the performance payments for the top five executives relate to the organization’s performance targets.

The amendments will also enable proactive web-based disclosure, a key component of best practices, with compensation information publicly posted on each organization’s website. The changes will also allow the chief executive officer of the Public Sector Employers Council to prepare and publish reports with respect to that information.

The amendments to the PSEA will also place the responsibility for setting the terms and conditions of employment, including compensation, for superintendents with boards of education. This change recognizes that boards of education are composed of elected trustees, who are fully accountable to those who elect them.

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1 backgrounder(s) attached.

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## BACKGROUND

2008FIN0007-000558  
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### IMPROVEMENTS TO COMPENSATION DISCLOSURE

#### Disclosure of Compensation Elements

The following table illustrates the major elements of compensation that will be disclosed for the top five compensated executives in each public sector organization (where base salary is greater than \$125,000 per year):

Name and Position	Salary	Bonus	Incentives	Pension	All Other	Total
Smith, J. Chief Executive Officer	200,000	15,000	10,000	20,000	5,000	250,000

**Salary:** annual base remuneration

**Bonus:** compensation that is not part of base salary and benefits and does not depend upon achieving specified performance goals.

**Incentives:** compensation that depends on achieving certain performance goals within a specified period, whether performance is measured by reference to the financial performance of the organization or an affiliate, or any other performance measure.

**Pensions:** employer's pension contributions and any amount the organization paid for the employee's share of pension contributions or RRSPs.

**All other amounts:** includes items such as vacation pay, employer contributions to Canada Pension Plan, Employment Insurance, and extended benefit plans.

#### Disclosure of Compensation Philosophy

Public sector organizations will be required to provide a compensation discussion and analysis that includes the following elements:

1. A comprehensive summary of executive pay and a description of the processes for determining compensation. This is intended to make the organization's executive compensation policies, practices, and decision-making processes as transparent as possible.
2. The principles that guide the compensation plan and objectives of the organization's executive compensation program.
3. Performance goals, how they are evaluated and if they were achieved.
4. An evaluation of the chief executive officer's performance and developmental priorities that will include a report from the chief financial officer on the organization's financial performance for the recently completed fiscal year against agreed-upon metrics.

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