

Standing Committee on Resource  
Stewardship

Review of the *Public Sector  
Compensation Transparency Act*

Thirtieth Legislature  
First Session  
October 2019



Standing Committee on Resource Stewardship  
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**STANDING COMMITTEE ON RESOURCE STEWARDSHIP**

October 2019

**To the Honourable Nathan Cooper  
Speaker of the Legislative Assembly  
of the Province of Alberta**

I have the honour of submitting, on behalf of the Standing Committee on Resource Stewardship, the Committee's final report on the review of the *Public Sector Compensation Transparency Act*.

Sincerely,

*[original signed]*

David B. Hanson, MLA  
Chair, Standing Committee  
on Resource Stewardship



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**MEMBERS OF THE STANDING COMMITTEE ON RESOURCE STEWARDSHIP  
30<sup>th</sup> Legislature**

David B. Hanson, MLA  
Chair  
Lac La Biche-St. Paul-Two Hills (UCP)

Joe Ceci, MLA  
Deputy Chair  
Calgary-Buffalo (NDP)

Jackie Armstrong-Homeniuk, MLA\*  
Fort Saskatchewan-Vegreville (UCP)

Irfan Sabir, MLA  
Calgary-McCall (NDP)

Lorne Dach, MLA†  
Edmonton-McClung (NDP)

Marlin Schmidt, MLA  
Edmonton-Gold Bar (NDP)

Richard Feehan, MLA  
Edmonton-Rutherford (NDP)

R.J. Sigurdson, MLA  
Highwood (UCP)

Shane C. Getson, MLA  
Lac Ste. Anne-Parkland (UCP)

Peter Singh, MLA  
Calgary-East (UCP)

Todd Loewen, MLA‡  
Central Peace-Notley (UCP)

Mark W. Smith, MLA  
Drayton Valley-Devon (UCP)

Rod Loyola, MLA§  
Edmonton-Ellerslie (NDP)

Searle Turton, MLA  
Spruce Grove-Stony Plain (UCP)

Pat Rehn, MLA  
Lesser Slave Lake (UCP)

Muhammad Yaseen, MLA  
Calgary-North (UCP)

Miranda D. Rosin, MLA  
Banff-Kananaskis (UCP)

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\* Member until October 8, 2019

† Member from October 8, 2019

‡ Member from October 8, 2019

§ Member until October 8, 2019

**Substitutions Pursuant to Standing Order 56(2.1-2.4):**

Lorne Dach, MLA\*  
Edmonton-McClung (NDP)

David Eggen, MLA†  
Edmonton-North West (NDP)

Garth Rowsell, MLA‡  
Vermilion-Lloydminster-Wainwright (UCP)

Jordan Walker, MLA§  
Sherwood Park (UCP)

Nate S. Horner, MLA\*\*  
Drumheller-Stettler (UCP)

Jacqueline Lovely, MLA††  
Camrose (UCP)

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\* Substitute for Rod Loyola on July 22, 2019, and September 19, 2019

† Substitute for Richard Feehan on September 19, 2019

‡ Substitute for Jackie Armstrong-Homeniuk on September 19, 2019, and for Searle Turton on October 15, 2019

§ Substitute for Searle Turton on September 19, 2019

\*\* Substitute for Muhammad Yaseen on October 4, 2019

†† Substitute for Jackie Armstrong-Homeniuk on October 4, 2019

## 1.0 EXECUTIVE SUMMARY

During its deliberations on October 15, 2019, the Standing Committee on Resource Stewardship made the following resolutions pertaining to the *Public Sector Compensation Transparency Act*, S.A. 2015, c. P-40.5 (the “Act”).

### **Expanding Mandatory Disclosure to Education Bodies and Municipal Authorities**

1. That the Act be amended to require mandatory compensation disclosure by education bodies.
2. That the Act be amended to require mandatory compensation disclosure by municipal authorities.

### **Expanding the Scope of Compensation Disclosure**

3. That the Act be amended to require the disclosure of employee compensation and severance information for those employees whose remuneration when calculated in accordance with the Act falls below the threshold but above \$40,000 and that this disclosure of information be limited to the number of employees receiving compensation within a range, with ranges in increments not to exceed \$25,000, and shall not include any identifying information about employees.
4. That the Act be amended to require the disclosure of ratios for employees to supervisors, managers and directors by each entity that is required to disclose compensation under the Act.



## 2.0 COMMITTEE MANDATE

On July 2, 2019, the Legislative Assembly passed Government Motion 25, which deemed the Standing Committee on Resource Stewardship the special committee for the purpose of conducting a comprehensive review of the *Public Sector Compensation Transparency Act*.

The scope of the Committee's review with respect to the *Public Sector Compensation Transparency Act* is mandated by section 14 of that Act:

- 14(1) A committee of the Legislative Assembly must begin a comprehensive review of this Act and the regulations made under it
  - (a) by January 1, 2019, and
  - (b) thereafter, every 4 years after the date on which the previous committee submits its final report under subsection (2).
- (2) A committee must submit a final report to the Legislative Assembly within 6 months after beginning a review under subsection (1).
- (3) The report of a committee may include the committee's recommendation for amendments to this Act, the regulations made under this Act or any other enactment.

The Committee began its review of the Act on July 22, 2019.

### 3.0 INTRODUCTION

In 2014, pursuant to a Treasury Board directive, the Government of Alberta began disclosing employee salaries earned in 2012 and 2013. In 2015 the *Public Sector Compensation Transparency Act* was enacted, moving disclosure of Government employee salaries (including the salaries of political staff and senior officials) under the authority of the Act, establishing compensation disclosure requirements for public sector bodies (including public agencies, the Legislative Assembly Office, and offices of legislative officers) and authorizing disclosure for other entities.

The *Public Sector Compensation Act* came into force on Royal Assent on December 11, 2015. This report is the result of the first mandatory review of the Act. The review was conducted by the Standing Committee on Resource Stewardship and commenced in July 2019. It contains the four recommendations that the Committee agreed to during its deliberations. For a complete record of the Committee's deliberations, please consult the transcripts of the Committee's meetings, which are posted online at [assembly.ab.ca](http://assembly.ab.ca).

## 4.0 ACKNOWLEDGEMENTS

The Committee wishes to acknowledge the useful contributions of the individuals and organizations who provided written submissions and/or appeared before the Committee.

The Committee also wishes to acknowledge the valuable assistance of the technical support staff and Legislative Assembly Office support staff.

### **Technical Support Staff**

#### **Ministry of Justice and Solicitor General**

Ms Corinne Carlson, Barrister and Solicitor, Legislative Reform

#### **Public Service Commission**

Mr. Myles Morris, Assistant Deputy Minister, Labour and Employment Practices

Ms Sarah Carr, Executive Director, Strategic Policy and Integration

Ms Noelle Devlin, Executive Director, Employment Policy, Classification, Compensation and Benefits Services

Ms Allison Husband, Compensation Analyst, Agency Compensation and Recruitment Policy

Ms Charlene Jackson, Compensation Consultant, Classification and Compensation Policy

#### **Legislative Assembly Office Support Staff**

Ms Stephanie LeBlanc, Clerk Assistant and Senior Parliamentary Counsel

Dr. Philip Massolin, Clerk of Committees and Research Services

Ms Nancy Robert, Research Officer

Dr. Sarah Amato, Research Officer

Mr. Michael Kulicki, Committee Clerk

Mr. Duncan Leung, Committee Services Coordinator

Ms Leah Kirtio, Committee Services Assistant

Ms Rhonda Sorensen, Manager of Corporate Communications

Ms Jeanette Dotimas, Communications Consultant

*Hansard* staff

Security staff

## 5.0 CONSULTATION AND REVIEW PROCESS

The Committee's review of the *Public Sector Compensation Transparency Act* involved a series of meetings that were open to the public, broadcast on Alberta Assembly TV, and video- and audio-streamed live on the Legislative Assembly website. These meetings took place on July 22, September 19, and October 4 and 15, 2019.

As part of the review process, on September 19, 2019, the Committee received a technical briefing on the *Public Sector Compensation Transparency Act* from Corinne Carlson, Barrister and Solicitor, Legislative Reform, Ministry of Justice and Solicitor General and from the following two representatives from the Public Service Commission: Myles Morris, Assistant Deputy Minister, Labour and Employment Practices, and Sarah Carr, Executive Director, Strategic Policy and Integration.

The *Public Sector Compensation Transparency Act* was initially referred to the Standing Committee on Families and Communities for review on December 4, 2018, pursuant to Government Motion 30. That Committee began a review of the Act and received research material as part of its review. However, due to the dissolution of the 29<sup>th</sup> Legislature on March 19, 2019, the Committee was unable to complete its review.

As part of the current review of the *Public Sector Compensation Transparency Act* (the "Act") the Standing Committee on Resource Stewardship agreed at its meeting on July 22, 2019, to consider the submissions made during the original review of the Act and to invite new or updated written submissions from identified stakeholders and members of the public. The Committee advertised for new submissions from members of the public through the Legislative Assembly's social media platforms. Stakeholders included Government of Alberta departments; public sector bodies (public agencies, boards, commissions, offices of the Legislature); associations that represent school boards, municipalities, and physicians and surgeons; labour unions and associations; privacy advocates; public policy research institutes; and public interest advocates. The deadline for submissions was September 9, 2019.

During the initial review of the Act earlier this year by the Standing Committee on Families and Communities, the Committee received 14 written submissions from identified stakeholders and private citizens. During the current review the Committee received 28 written submissions (18 from stakeholders and 10 from private citizens). Of those 28 submitters the following eight submitters also made a submission during the original review earlier in 2019: Alberta Health Services (AHS), the Alberta Pensions Services Corporation (APS), the Alberta Union of Provincial Employees (AUPE), the Institute of Public Administration of Canada – Calgary Regional Group (IPAC), Alberta Innovates (AI), Covenant Health, the Ministry of Justice and Solicitor General, and Patricia Hull, a private citizen. Some of these current submissions (APS, AHS, and Patricia Hull) confirmed that their comments and recommendations were fully represented in their original submissions and made no further comments. The AUPE's current submission was a duplicate of its original submission. The Covenant Health, IPAC and AI submissions were updates of their original submissions and therefore the Committee considered both submissions from each of those stakeholders. The joint submission from the Ministry of Justice and Solicitor General and Public Service Commission (with input from various Government of Alberta ministries) replaced its original submission from March 2019, and therefore only its current submission was considered by the Committee.

On October 4, 2019, the Committee heard oral presentations from representatives of the Alberta Securities Commission and the AUPE. Appendices A and B contain a list of the individuals and organizations that provided written submissions (during the original and current reviews) and oral presentations to the Committee.

The Committee met on October 15, 2019, to deliberate on the issues and proposals arising from the written submissions and oral presentations. Representatives from the Ministry of Justice and Solicitor General and Public Service Commission attended the meeting and supported the Committee by providing technical expertise.

This report is the result of the Committee's deliberations and contains its recommendations in relation to the Act.

## 6.0 COMMITTEE RECOMMENDATIONS

### 6.1 Expanding Mandatory Disclosure to Education Bodies and Municipal Authorities

The Committee made two recommendations regarding compensation disclosure for education bodies and municipal authorities, which are set out below.

Section 11 of the Act authorizes but does not require an education body to publicly disclose compensation information with respect to its employees whose compensation is above the threshold established for public sector bodies under the Act. The Act defines “education body” in section 1(c) as

- (i) a board as defined in the *Education Act*,
- (ii) a board as defined in the *Northland School Division Act*,
- (iii) a Francophone regional authority as defined in the *Education Act*,
- (iv) a person responsible for the operation of a private school registered under the *Education Act* that receives a grant under the *Government Organization Act*, and
- (v) the operator of a charter school established under the *Education Act*.

Section 12 of the Act authorizes but does not require a municipal authority to publicly disclose compensation information with respect to its employees whose compensation is above the threshold established for public sector bodies under the Act. For the purposes of the Act the term “municipal authority,” as defined in the *Municipal Government Act*, includes, among other things, a municipality (i.e., a city, town, village, summer village, municipal district, specialized municipality, town under the *Parks Towns Act*, or municipality formed by special Act), improvement district, and special area.

Alberta Health Services (AHS), the Institute of Public Administration of Canada – Calgary Regional Group (IPAC), and private citizen David Young proposed in their written submissions that education bodies and municipal authorities should be subject to mandatory compensation disclosure under the Act. AHS elaborated, arguing that the fact that education bodies and municipal authorities are not subject to mandatory compensation disclosure means there are “inequities in disclosure requirements amongst employers funded by public dollars.” IPAC generally agreed, suggesting that the Act should apply equally “to all members of the broad public sector,” essentially including “anyone being compensated from public funds in Alberta.” In addition, Brad Jones and Mr. and Mrs. Klinge, all private citizens, recommended that school boards be subject to mandatory compensation disclosure requirements. Mr. and Mrs. Klinge focused specifically on the need to disclose compensation information with respect to senior administrators (e.g., superintendents, board chairs, trustees) and senior administrative educators (e.g., principals) on the basis of equity, arguing that all other public agencies are required to disclose compensation information pursuant to the Act.

The Committee considered the proposal that education bodies be required to publicly disclose compensation information with respect to its employees whose compensation is above the threshold established in the Act for public sector bodies, noting that Alberta is the only Canadian jurisdiction with public sector compensation disclosure legislation that does not require mandatory disclosure by education bodies. The Committee agreed that it is important for Alberta to, at the very least, match the level of transparency that exists in public sector compensation disclosure legislation in other provinces with respect to education bodies.

Accordingly, the Committee recommends:

- 1. That the Act be amended to require mandatory compensation disclosure by education bodies.**

The Committee also considered the proposal that municipal authorities be required to publicly disclose compensation information with respect to its employees whose compensation is above the threshold established in the Act for public sector bodies and agreed that doing so would improve transparency by giving Albertans a better idea of how public dollars are being spent in the municipal sector.

Therefore, the Committee recommends:

- 2. That the Act be amended to require mandatory compensation disclosure by municipal authorities.**

## **6.2 Expanding the Scope of Compensation Disclosure**

The Committee also made two recommendations to expand the type of information to be included in compensation disclosure reports, which are set out below.

Currently, compensation disclosure reports published pursuant to the Act contain the information listed below for each Government of Alberta employee whose base salary or severance amount from the previous calendar year is greater than an established threshold. In addition, compensation disclosure reports are published for each employee of a public sector body whose total compensation and severance amount from the previous calendar year is greater than an established threshold and for each member of a public sector body. Reports include the following information:

- Government of Alberta: name, position, classification of employee, and ministry; year; base salary amount; cash benefits amount; value of non-cash benefits; severance amount; employment contract or severance agreement, where required.
- Public sector body: name, position, and public sector body; year; compensation amount; other amount; severance amount; employment contract or severance agreement, where required.

The threshold established under the Act for the 2015 calendar year for the Government of Alberta was \$104,754 in base salary or severance. The threshold is adjusted annually to reflect increases in the Alberta Consumer Price Index. For 2019 the Government of Alberta threshold is set at \$111,395. The threshold established under the Act for the 2015 calendar year for public sector bodies was \$125,000 in total compensation and severance. That threshold is also indexed for inflation. For 2019 the threshold for public sector body employees is \$132,924.

In its submission to the Committee, the Canadian Taxpayers Federation (CTF) noted that it opposed any changes to the Act that would reduce transparency, especially related to salary and severance disclosure, and suggested that any changes to the Act should “enhance transparency” by expanding the number of employees whose compensation is required to be reported under the Act. Similarly, private citizen David Young proposed the need for disclosure “of key non-private information” with respect to all public sector employees and consulting contracts regardless of salary level or contract amount. Mr. Young suggested that the current public sector compensation disclosure system “represents only a fraction of the total government workforce.” He argued that some government waste “may be due to a large and ever-growing number of moderately-paid staff” rather than “to a small number of highly-paid employees.” Mr. Young noted that individualized workforce compensation information, as opposed to “aggregate workforce statistics,” is important for detection and disclosure of a number of concerns (e.g., unnecessarily high manager-to-non-manager ratios, excessive salaries compared to similar private sector roles, labour inefficiencies).

The Committee noted that the current Government of Alberta and public sector body thresholds that must be reached before an employee's salary is disclosed are quite high, suggesting that there is significant spending on salaries that are just below those thresholds that is not being reported under the Act. The Committee acknowledged that this salary information is available in Government of Alberta budget documents. However, it agreed that there might be some value in providing salary information that is not captured under the Act in an easily accessible format so that the public has "a fuller picture of where the Government is spending their money" without having to "comb through" budget documents. The Committee determined that, rather than lowering the current thresholds, an additional reporting requirement should be established. According to the Committee, the additional information reported should include the number of employees in each department or public sector body that earn a salary and severance amount below each current respective threshold but above a set minimum threshold. The Committee also agreed that reporting should occur for salary ranges and that there should be no identifying information provided regarding each individual employee.

Accordingly, the Committee recommends:

- 3. That the Act be amended to require the disclosure of employee compensation and severance information for those employees whose remuneration when calculated in accordance with the Act falls below the threshold but above \$40,000 and that this disclosure of information be limited to the number of employees receiving compensation within a range, with ranges in increments not to exceed \$25,000, and shall not include any identifying information about employees.**

The Committee considered the possibility of expanding the type of information disclosed under the Act to include "management-to-employee ratios" in order to determine if Government departments and public sector bodies have an appropriate balance between managers and employees and are therefore spending money "wisely" with respect to staffing. The Committee agreed that providing information regarding the number of managers (including the various levels of managers) versus non-management employees in a department or public sector body would offer valuable insight to the public with respect to "how the organization functions."

On that basis, the Committee recommends:

- 4. That the Act be amended to require the disclosure of ratios for employees to supervisors, managers and directors by each entity that is required to disclose compensation under the Act.**



### APPENDIX A: MINORITY REPORT

#### Appendix to the Report of the Standing Committee on Resource Stewardship Review of the Public Sector Compensation Transparency Act

Authors: Joe Ceci, MLA Calgary-Buffalo  
Marlin Schmidt, Edmonton-Goldbar  
Richard Feehan, Edmonton-Rutherford  
Irfan Sabir, Calgary-McCall  
Lorne Dach, Edmonton-McClung

This submission will provide some additional perspective on the work of the Committee of Resource Stewardship during its review of the Public Sector Compensation Transparency Act. Through the consultation process, the committee received valuable input from Albertans provided a variety of perspectives. However, we the opposition disagreed on a number of decisions and hope to provide some additional insight into the decisions made by the majority.

#### Review of recommendations on expanding the Scope of Compensation Disclosure

We are very supportive of the transparency the Public Sector Compensation Transparency Act provides and are open to sensible suggestions of increasing transparency of the Public Service to Albertans. Unfortunately, these two recommendations do not hit the mark.

We did not support recommendations 3 and 4 for several reasons. Both seem to not make sense with the current legislation which focuses on the highest earners of the public service while these two recommendations create a review of the whole public service. We also do not believe that these recommendations would add to the transparency of the public sector or be valuable information to Albertans without additional context. Due to the amount of additional information needed, we do believe this would make the “Sunshine List” much less accessible. Further, we do believe that recommendation 3 is rather arbitrary.

Generally, we do think the Public Sector Compensation Transparency Act has worked well and Albertans have been very interested in the information it provided. While we also suggested changes such as exploring if the Sunshine List can help Albertans understand the Gender balance among Alberta’s highest-paid public servants we believe any changes should be implemented with great care.

## APPENDIX B: WRITTEN SUBMISSIONS TO THE COMMITTEE

### LIST OF WRITTEN SUBMISSIONS (Summer-Fall 2019 Review)

Name/Position	Organization
David Young	Private Citizen
Jane Trotter	Private Citizen
Brad Jones	Private Citizen
Dr. Joanna Harrington	Private Citizen
Colin P. MacDonald, Q.C., Chair	Alberta Pensions Services Corporation Board
Rachel De Grâce, Director, Advocacy and Legislative Content	The Canadian Payroll Association
Guy Smith, President	Alberta Union of Provincial Employees
Dr. Timothy Rahilly, President and Vice Chancellor	Mount Royal University
Heather MacIntosh and Jackie Kleiner	Institute of Public Administration of Canada – Calgary Regional Group
Dr. Edward McCauley, President and Vice-Chancellor	University of Calgary
Don Gnatiuk, President and Chief Executive Officer	Grande Prairie Regional College
Dr. Verna Yiu, President and Chief Executive Officer	Alberta Health Services
Nora Deisman	Private Citizen
Stan Magidson	Alberta Securities Commission
Dr. Paige Lacy	Private Citizen
Franco Terrazzano, Alberta Director	Canadian Taxpayers Federation
Mr. and Mrs. Kingle	Private Citizens
Dr. Lorraine Stewart, Board Chair	Parkland School Division
Patricia Hull	Private Citizen
Karen Galenzoski, Chief Human Resources Officer	Covenant Health
Leona Staples, Chair	Olds College Board of Governors
Michael A. Gormley, Executive Director	Alberta Medical Association
Jill Matthew, Chief Customer Experience Officer (on behalf of the Board of Governors)	NorQuest College
Douglas Mills, Director, Stakeholder Relations	Alberta Innovates
Alexander Shevalier, President	Calgary & District Labour Council
Frank Bosscha, Deputy Minister of Justice and Deputy Solicitor General (Joint submission with the Public Service Commission with input from departments across the Government)	Department of Justice and Solicitor General and Public Service Commission
Dr. Nicola De Zanche	Private Citizen
Dr. Paul Kirvan	Private Citizen

**LIST OF WRITTEN SUBMISSIONS (Winter 2018-2019 Review)**

<b>Name/Position</b>	<b>Organization</b>
Robin Farr, Director, People and Culture	Travel Alberta
Jo-anna Cowen, General Counsel	Fair Practices Office
Ellen-Anne O'Donnell, Chair	Law Enforcement Review Boards
Dr. Verna Yiu, President and Chief Executive Officer	Alberta Health Services
Jackie Kleiner	Institute of Public Administration of Canada – Calgary Regional Group
Jennifer Moore, Payroll and Benefits Lead, Human Resources	Keyano College
Carol Ryder, Board Chair	Alberta University of the Arts
Philip Bryden, Q.C., Deputy Minister of Justice and Deputy Solicitor General (Joint submission with the Public Service Commission with input from departments across the Government)	Department of Justice and Solicitor General and Public Service Commission
Guy Smith, President	Alberta Union of Provincial Employees
Douglas Mills, Director, Stakeholder Relations	Alberta Innovates
Colin P. MacDonald, Q.C., Chair	Alberta Pensions Services Corporation Board
Patricia Hull	Private Citizen
Karla Kochan, Chief People Officer	Agricultural Financial Services Corporation
Karen Galenzoski, Chief Human Resources Officer	Covenant Health

**APPENDIX C: ORAL PRESENTATIONS TO THE COMMITTEE****LIST OF ORAL PRESENTATIONS (Summer-Fall 2019 Review)**

<b>Name/Position</b>	<b>Organization</b>
David Linder, Executive Director	Alberta Securities Commission
Guy Smith, President	Alberta Union of Provincial Employees

