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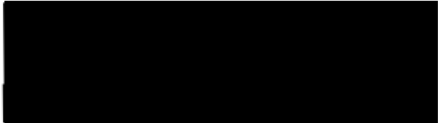
Standing Committee on Resource Stewardship  
c/o Committee Clerk  
3<sup>rd</sup> floor, Federal Building  
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I am pleased to respond to the Standing Committee on Resource Stewardship's request for input with respect to the *Public Sector Compensation Transparency Act*.

Attached are the joint submissions of Justice and Solicitor General and the Public Service Commission, with input from departments across government, for the Committee's consideration.

Thank you for the opportunity to provide our comments to the Committee.

Yours truly,



Frank Bosscha  
Deputy Minister of Justice and  
Deputy Solicitor General

## **Appendix**

### Joint Submissions of Justice and Solicitor General and Public Service Commissioner To the Standing Committee on Resource Stewardship *Public Sector Compensation Transparency Act*

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#### **Background**

The *Public Sector Compensation Transparency Act* (Act) was passed in 2015, with the first disclosure under the Act in June 2016. The Act requires the Government of Alberta and public sector bodies to disclose compensation paid to employees earning over a specified threshold, along with all compensation paid to members of public sector bodies.

The threshold for government and public sector bodies is different:

- For government, the threshold is based on base salary or severance. It does not include overtime, taxable benefits or other amounts. For 2018 earnings, the threshold was \$108,784.
- For public sector bodies, the threshold is based on the employee's total compensation, including overtime, taxable benefits and severance. This approach is intended to help minimize costs and the administrative burden for employers so they do not have to calculate compensation differently than they already do for their employees' T4 slips. The public sector bodies' threshold for 2018 earnings was \$129,809.

Prior to the Act, for the 2012-2014 calendar years the Government of Alberta disclosed employee earnings more than the threshold under the authority of a Treasury Board Directive. There was no disclosure for years prior to 2012.

The disclosure is intended to increase transparency, helping Alberta taxpayers to better see how their money is being spent. Disclosure focuses on higher income earners.

The Act requires a Committee of the Legislative Assembly to begin a review of the Act and its regulations by January 1, 2019 and submit a final report to the Assembly within six months. That review is underway.

These submissions have been prepared with input from deputy ministers across government.

#### **Submissions**

Overall, the Act is operating as intended, with a very high level of compliance. Nevertheless, there are a few items that have generated questions or concerns, and we are providing comments on those items.

#### **Mandatory review date**

The Act requires the first review of the Act to begin by January 1, 2019 and every four years after the date on which the previous committee submits its final report.

The *Election Act* requires a provincial general election to be held between March 1 and May 31 in the fourth calendar year following polling day in the most recent general election.

This year, and potentially in future years, these periods overlapped. As Committees are dissolved upon an election call, the review began by the Standing Committee on Families and Committee was left uncompleted in March 2019 when the provincial election was called.

Consideration could be given to changing the Act to require a mandatory review at a time that minimizes overlap with an election. For example, the Act could be changed to require the next review to begin by, say, October 1, 2023.

#### **Optional disclosure by municipalities and school boards**

The Act authorizes municipalities and school boards to choose whether to disclose compensation. Municipalities and school boards in Alberta are elected bodies who answer to their electors.

Municipal Affairs and Education support this opt-in approach, as it most closely aligns with the views of municipalities and schools and their elected status.

If any proposed amendments to the Act will impact municipalities, the Committee may wish to consult with the Alberta Urban Municipalities Association and the Rural Municipalities of Alberta. If any amendments are proposed to the current optional disclosure by school boards, substantial work would be required given the complexity of the education system. Mandatory disclosure is expected to be unpopular with Education's stakeholders.

For municipalities, the current, opt-in approach would maintain some degree of municipal autonomy in an area where municipalities already have some mandatory reporting requirements. As an example, the Supplementary Accounting Principles and Standards Regulation under the *Municipal Government Act* already makes it mandatory for municipalities to disclose, in their annual financial statements, the salaries and benefits received by councillors, the chief administrative officer, and designated officers.

Some municipalities currently publish anonymized salary ranges by job title. Calgary, Red Deer and Edmonton are examples.

Schools boards also have accountability structures. The *Education Act* requires that school boards provide as part of their financial reporting obligations, specific information related to remuneration of superintendents, secretary treasurers, school board trustees as well as teaching and non-teaching staff. Senior leadership disclose their salaries, all teacher salaries are reported on an aggregate level, and salary grids for teaching staff and officials are publicly available.

#### **Organizational exemptions**

There are exemptions for ATB Financial, the Alberta Investment Management Corporation (AIMCo) and the Alberta Teachers' Retirement Fund (ATRF).

Treasury Board and Finance continues to support these exemptions.

- These organizations compete globally to attract and retain top talent.
- ATB Financial operates on private funding and follows the same stringent regulatory requirements and industry standards as its competitors, specifically the banks and other financial institutions across Canada.

- The financial returns generated by AIMCo and ATRF are critical to the livelihood of 400,000 Alberta pensioners and the continued success of the Heritage Fund and other government investment funds.
- This approach provides a level playing field between these agencies and their private sector counterparts, while ensuring Albertans continue to be served by top talent in the highly competitive financial industry.

**Administrative issues and clarity of rules**

For the initial disclosure in 2016, government received a variety of questions from public sector bodies on particular issues including how certain items were to be reported. Those questions have largely tapered off. Other questions raised by public sector bodies are generally addressed through clarification in the Technical Guide and Frequently Asked Questions documents available on our website.

Two topics continue to generate questions or confusion:

- Questions continue to arise about what comprises “non-monetary benefits”. The Committee could consider whether the definition should be clarified.
- The different thresholds can cause confusion for people. If the Committee wishes to consider harmonizing the regimes for government and public sector bodies, our recommendation would be to use the public sector body threshold and rules for ease of administration.

**Conclusion**

We thank the Committee for the opportunity to provide comments for consideration as you review the *Public Sector Compensation Transparency Act*. We are happy to be available to provide ongoing technical support to the Committee.