

Public Sector Executive Compensation Disclosure Guidelines

February 2017



Taxpayer Accountability Principles

EFFICIENCY | ACCOUNTABILITY | APPROPRIATE COMPENSATION | SERVICE | RESPECT | INTEGRITY

Executive Summary — 2017 Executive Compensation Disclosure Guidelines

The Public Sector Employers' Council Secretariat (PSEC Secretariat) is responsible for coordinating and analyzing the executive compensation disclosure of approximately 120 employers in health, post-secondary, K-12, Crown corporations and core public service.

2017 marks ten years of transparency for the Province's annual disclosure of executive compensation paid to the CEO and next four top decision-makers working at public sector organizations. Amendments made to the [Public Sector Employers Act](#) (the Act) in 2007/08 increased the standards and accountability in reporting executive compensation. At the time, the changes in best practices were intended to demonstrate the link between pay and performance in a timely, clear and complete manner, and have made B.C. a leader in compensation disclosure in Canada.

Following the release of the [2014 BC Public Sector Compensation Review](#), organizations adopted a common public sector compensation philosophy that accompanied the measured exit from the 2012 compensation freeze covering more than 72,000 excluded employees across the broader public sector. This provided a strong foundation of core principles and a common approach to benchmarking so that compensation decisions are being guided in a more comprehensive manner, and ultimately, the goal is to reduce competition where appropriate.

Each year, PSEC Secretariat strives to improve the efficiency and accuracy of disclosure process which has evolved to include the [Taxpayer Accountability Principles](#) and Standards of Conduct. The majority of these improvements are driven by employers and staff who have identified, either by question or action, where clarifications can be made or processes tailored to simplify this statutory requirement.

Notable updates and clarifications in the 2017 guidelines include:

- Clarification that the amounts of employer contributions reported for statutory and non-statutory health benefits are based on premiums and not individual employee benefit usage.
- Confirmation that employers should disclose unused benefits or 'flex benefits' in total compensation if they are paid-out in cash.
- Clarification that employer-paid professional association dues and/or members' fees should be reported as a taxable benefit if not required by the position.

- Removal of the requirement to explain increases of five per cent or more in total compensation in the fiscal year in light of the overall move away from excluded compensation freeze.
- A definition of working notice and how to disclose it.
- Emphasis and clarification that details are required when reporting non-reimbursable relocation allowances.
- A reminder to employers with a bi-weekly payroll cycle, the 2016/17 disclosure year will include 27 pay periods rather than the usual 26 pay periods, which may cause compensation to appear slightly inflated.

In this 10th year of disclosure, PSEC Secretariat is also introducing a new reporting system for the collection of all senior employee (employees earning base salary of \$125K or more) compensation information. The new system will streamline this annual process for employers by reducing the time it takes to enter data, and will create a more consistent and accurate product, more automated functions and web-accessible information. The new system incorporates and builds on what the former system Senior Employee Compensation (SEC) database was capable of collecting. The new [Labour Information Gathering and Executive Reporting \(LIGER\) system](#) will provide the following benefits for employers:

- Additional built-in validation checks to flag potential errors prior to the submission and reducing the amount of follow-up communication between employer-staff, employers' associations and PSEC Secretariat.
- Option to generate a draft version of a disclosure statement for internal review at the employer level prior to submitting a final version to PSEC Secretariat.
- Improved efficiency and accuracy with one centralized data entry process that includes senior employee information and the executive compensation disclosure module using a familiar terms and intuitive web-format.
- Greater precision with a side-by-side view comparing data from the previous year's disclosure while new compensation information is entered.

To support this transition to the LIGER system, education and training opportunities will be provided throughout March to ensure that users are well-informed and prepared to submit executive compensation information at the appointed time. Presentations and user-guides will also be accessible through LIGER.

As always, PSEC Secretariat will continue to offer support and advice on the disclosure. These updates and clarifications to the guidelines are the result of consultation with individual employers and employers' associations.

Thank you for your ongoing commitment to the transparency and accountability of public sector compensation.



Statement of Executive Compensation

Introduction

The annual executive compensation disclosure is based on the best practice of complete transparency and therefore, full accountability for compensation paid to executives in public sector organizations in British Columbia. The annual disclosure is a requirement that may rely on accounting methods, but is grounded in the principle of transparency. It is an organization's responsibility to provide the public with a clear, concise and understandable description of the link between pay and performance for its senior executives in key decision-making positions. The organization's board chair is accountable for the accuracy and compliance of the disclosed compensation information through a signed attestation that is publicly available.

ITEM 1 – Purpose & Principle

In British Columbia, organizations subject to the *Public Sector Employers Act* are statutorily required to disclose all compensation that is both **accrued and paid** to the Chief Executive Officer (CEO) and the next four highest ranking/paid executives with decision-making authority earning an **annualized base salary of \$125,000 or more during a fiscal year**. These guidelines contain specific instructions for how to disclose various types of compensation in order to be in compliance with the statutory requirements.

Principle: Full disclosure of total compensation paid, but not previously accrued and all compensation accrued during the fiscal year.

ITEM 2 – Legislation & Statutory Requirements

The *Public Sector Employers Act* requires transparency by making total compensation information available to the public, including the contracts of those senior employees being disclosed:

Under sections 14.6 and 14.7 of the Act, all public sector employers in British Columbia are required to provide reports to PSEC Secretariat specifying all the terms and conditions of employment for their "senior employees" earning an annualized base salary of \$125,000 or more along with copies of the senior

Statutory requirement:

To meet your disclosure obligation, you must assess fully whether you have disclosed everything that a reasonable person would view as compensation. This form may not specify every form of compensation arrangement. Nonetheless, organizations must disclose all compensation provided to executive officers, regardless of how it is structured. The requirements in this document should be interpreted with this in mind.

If in doubt, report any and all compensation paid or accrued to the CEO and top four decision-makers.

employees' written contracts of employment. These contracts of employment are considered public documents under the Act and do not require a request be made under the *Freedom of Information and Protection of Privacy Act* to be viewed by a member of the public.

The Act requires the disclosure of total compensation within six months of the end of an organization's fiscal year and it must include any or all of the following items as they may apply:

- base salary
- holdback or bonus
- statutory and health benefits and pension contributions
- other allowances and/or payments which may include vacation payout, sick leave payout, vehicle allowance, paid parking, severance/salary continuance, retirement allowance or long-service recognition allowance, professional dues or fees, and/or administrative leaves not required by the employer for the position.

These disclosure requirements may be in addition to other reporting requirements, such as those under the *Financial Information Act (FIA)*. The *FIA* requires public bodies and organizations to prepare a statement of financial information for all employees who earned more than \$75,000 in cash compensation — or total remuneration paid to the employee and total amount paid for the employee's expenses — within six months after the end of the organization's fiscal year.

ITEM 3 – Process & General Provisions

On an annual basis, PSEC Secretariat and the respective employers' associations work with about 120 employers to meet the reporting requirements of the *Public Sector Employers Act* by submitting disclosure statements on an appointed date. The deadline must take into account the time required for PSEC Secretariat to process and analyze the information being provided.

Based on the majority fiscal year end of March 31st, a broad disclosure is coordinated by government and must be released before September 30th in keeping with the Act. Employers are advised of the date on which the statements of executive compensation are made publicly available on the websites for PSEC Secretariat and [DataBC](#). To complete the submission, an employer is required to post the disclosure statement to the organization's website on the same day.

K-12 Boards of Education have a fiscal year end of June 30 and are required to publicly disclose executive compensation no later than December 31st. School districts will be notified of the deadline to submit disclosure statements by the British Columbia Public School Employers' Association (BCPSEA). Boards of Education are also required to make their disclosure statements available on websites on a specified date.

Steps in the LIGER process are as follows:

1. Employers are notified directly by PSEC Secretariat or by the sector employers' association about the deadline that executive compensation statements must be submitted using the LIGER system.
2. Employers ensure information in the Senior Employee Compensation (SEC) module of the LIGER system is up-to-date to ensure ability to enter of the organization's top five executives into the Executive Compensation Disclosure (ECD) module.
3. Employers enter into the ECD module the compensation information for the five or more executive employees being disclosed for this fiscal year reporting period.
4. Employers may choose to undergo an internal review process. Please note that PSEC Secretariat and/or employers' associations will still review and may require changes.
5. Employers submit compensation information and the compensation philosophy to PSEC Secretariat (or the respective employers' association) as a "DRAFT" to ensure further review, ideally before the board chair attestation is signed.
6. Employers' associations with a facilitation role in the review process have access to the LIGER system ECD module. When a disclosure is accepted, it is flagged for PSEC Secretariat's review and approval. If rejected at the employers' association review level, it will be returned to the organization with required changes or clarifications outlined.
7. PSEC Secretariat reviews and indicates that the submission is finalized. Notification to the employer is automated through the LIGER system.
8. Once a submission is finalized, the employer ensures the board chair attestation is uploaded to the ECD module. The LIGER system allows the user to combine the attestation, compensation philosophy and summary compensation statement (the table) into a single document.
9. Notification of the release date will be sent by PSEC Secretariat and/or the respective employers' association.
10. The final disclosure statement is posted to the websites for PSEC Secretariat and by individual employers on the specified date.

3.1 FORMAT

Information is disclosed in accordance with these guidelines using the LIGER system. A supplemental user's guide is available for instruction on entering data into the system.

To meet the disclosure requirements, organizations must:

- (a) Complete and submit for review to PSEC Secretariat by an appointed date, the information required in both the Senior Employee Compensation (SEC) and Executive Compensation Disclosure (ECD) modules of the LIGER system with any additional summary notes to ensure there is a clear explanation for all forms of compensation.
- (b) Upload into the LIGER system the following documents:
 - Signed attestation letter from the board chair addressed to the CEO and President of PSEC Secretariat as outlined in section 3.3/6.
 - Current and approved compensation philosophy for the organization as outlined in section 3.3/8.

3.2 DEFINITIONS – SEE ITEM 6

3.3 OVERVIEW - PREPARING THE FORM

1. All compensation covered

This form requires disclosure of all compensation paid to the CEO and NEOs of an organization, including:

- Base salary; holdback/bonus/incentive payment; statutory and health benefits; pension contributions; any other allowances and/or payments including vacation payout, sick leave payout, vehicle allowance, paid parking, severance, salary continuance, retirement allowance, long-service recognition allowance, stipends, administrative leave and professional fees.

Note: Professional association dues and/or members' fees paid by an employer or reimbursed to an employee to maintain a professional credential are a taxable benefit to the employee if not required by the position, and must be included in the disclosure.

- Compensation paid and relevant notes about any CEO or NEO who voluntarily departed or was terminated before the end of the fiscal year. An organization's disclosure statement is meant to provide details about the transition of people within the executive team during the fiscal year and may include more than the top five executives.
- Any compensation paid to a CEO or NEO through a contract with the employer or paid by any other means in the 12 months pre- or post-term of employment.
- Any other compensation paid to a CEO or NEO whether it is provided through a foundation, subsidiary, or another organization or affiliate, whether fully controlled by the employer or not, must also be disclosed.

2. Information for full fiscal year

Compensation earned for work performed during the fiscal year by the CEO or NEOs in a capacity *unrelated* to the position must be disclosed. A detailed footnote should be included in the summary statement in which a compensation amount may be provided as part of the description of the work, but is not disclosed as part of the total compensation – i.e. clinical services provided by a physician that is disclosed under the *Financial Information Act* (see 5. Sources of compensation).

3. Exclusion due to foreign assignment with subsidiaries affiliated with the employer

When calculating total compensation to determine who is an NEO (other than the CEO), you may exclude cash compensation that relates to overseas assignments if these amounts are:

- Specifically intended to offset the impact of a higher cost of living in the overseas location; and
- Not otherwise related to the duties the NEO performs for the organization.

4. External management companies

If the organization's CEO or an NEO are employed by an external management company and their services are provided to the organization under a contractual arrangement, the organization must disclose any compensation or payment for those services during the fiscal year.

5. Sources of compensation

Disclose all compensation paid directly or indirectly to the CEO and each NEO including compensation from the organization's subsidiaries and foundations, including any pre- or post-employment contracts related directly or indirectly to the position.

If the CEO or NEO has been paid by his or her employer for work unrelated to the position, report this compensation in the notes section and not as part of total compensation (see 2. Information for a full fiscal year).

6. Attestation by board chair or relevant board member

Disclosure statements must include an attestation letter from the board chair or relevant board member addressed to the CEO and President of PSEC Secretariat that confirms the following:

- a. The board is aware of the executive compensation paid in the prior fiscal year.
- b. The disclosed information is accurate and includes all compensation paid by the employer, foundations, subsidiaries, or any other organization related to or associated with the employer.
- c. The disclosed information also includes the value of any pre- or post-employment payments made during the 12 month period before or after the term of employment.
- d. Verifies that the compensation provided was within approved compensation plans and complies with these guidelines.

Attestations are publicly available declarations signed by board chairs confirming the veracity of disclosures submitted by statutory requirement.

7. Descriptions of holdbacks or bonuses and other compensation

Where holdback, bonus or incentive pay is provided, the compensation philosophy should describe the performance that triggered it. In addition, where material, “other compensation” should be described at a sufficient level of detail to allow the reader to understand the nature of compensation provided.

8. Compensation philosophy

Core principles of the common public sector compensation philosophy:

Performance – Compensation programs support and promote a performance-based (merit) organizational culture.

Differentiation – Differentiation of salary is supported where there are differences in the scope of the position within an organization, and/or due to superior individual team contributions.

Accountability – Compensation decisions are objective and based upon a clear and well documented business rationale that demonstrates the appropriate expenditure of public funds.

Transparency – Compensation programs are designed, managed and communicated in a manner that ensures the program is clearly understood by employees and the public while protecting individual personal information.

The organization’s compensation philosophy is a component of the annual disclosure of executive compensation. The organization’s compensation philosophy should be the most current and approved version that has been aligned with the public sector compensation philosophy (see Item 4.1) described in the *Employers’ Guide: Implementing a Common Compensation Philosophy for the B.C. Public Sector* (available by request). For the K-12 public education sector, see [Policy 95-06: Compensation and Employment Standards for School District Employees Not Subject to a Collective Agreement](#).

ITEM 4 - COMPENSATION DISCUSSION AND ANALYSIS

1. Employers have moved to a common public sector compensation philosophy that includes the core principles described in the text box, as well as the common benchmarking.

The philosophy is intended to include a discussion of the material principles, underlying policies, and decisions for compensation provided to the CEO and NEOs for the most recently completed fiscal year. Discussion should also disclose where responsibility lies for determining executive compensation (i.e. with the Human Resources Committee of the Board or the whole board as it relates to the CEO and/or senior executives).

In addition to the explanation of the compensation philosophy, it should include the four core principles and the discussion of each with a focus on the following:

- objectives of the compensation program, what the compensation program is designed to remunerate and reward;
- each form of compensation (base pay, benefits, holdbacks, pension, other forms of pay) and how the organization determines the amount (and where applicable, the formula) for each, and;
- how the compensation plan and philosophy support the organization’s mission and goals.

2. Where applicable, note any new policies, actions or decisions that were made after the end of the most recently completed fiscal year that could affect a fair understanding of the CEO or any NEOs' compensation for the last fiscal year.

3. Identify performance targets associated with a holdback, bonus or incentive pay and the measures related to the pursuit of the performance targets, including retention-related payments. Disclose how any holdbacks or bonuses made to the CEO and NEOs relate to the performance measures and the performance targets. Where possible, targets should be explained in terms that connect them to the publicly reported goals and achievements found in annual reports or similar accountability documents.

4. Identify all leaves (sabbaticals, vacation, administrative or special) and discuss how they relate to the organization's compensation philosophy.

5. Refreshed public sector compensation philosophies (or plans) should include the organization's benchmarking methodology and process. Based on the *Employers' Guide: Implementing a Common Compensation Philosophy for the B.C. Public Sector*, primary comparators for management employees in all provincial public sector organizations include these common comparators or benchmarks:

- a. B.C. Public Sector Organizations – Crown corporations, health sector, K-12 education, post-secondary, core public service, community social services, regional government, municipalities and various public bodies.
- b. Other Provincial Jurisdictions where relevant, excluding territories.
- c. Private Sector – utilized only in cases of talent in high demand with significant recruitment pressure from the private sector.

ITEM 5 – SUMMARY COMPENSATION TABLE

Senior Employee Compensation (SEC) and Executive Compensation Disclosure (ECD) are now modules in the new LIGER system. Note that all senior employees not currently in SEC must be entered into the system before the executive compensation disclosure process can be initiated.

Labour Information Gathering and Executive Reporting (LIGER)

Website: <https://www.publicsectorcompensation.gov.bc.ca>

5.1 EMPLOYEE & POSITION DETAILS

Executive							
Senior Employee: *	Keith Emerson						
Employee's Particulars:	<table><tr><td>Title</td><td>Composer</td></tr><tr><td>Position Type</td><td>Senior Executive</td></tr><tr><td>Hire Date</td><td>2011-06-16</td></tr></table>	Title	Composer	Position Type	Senior Executive	Hire Date	2011-06-16
Title	Composer						
Position Type	Senior Executive						
Hire Date	2011-06-16						

CEOs and NEOs will be selected from data provided in the SEC module. **New CEOs and/or NEOs must be entered into the SEC module of the LIGER system before they can be added to the**

To fully meet the disclosure requirements, employers must submit compensation data using the new LIGER system, as well as the organization's compensation philosophy and a signed attestation by the board chair.

It is the responsibility of the board and the employer to review all data being reported to ensure strict accuracy.

executive compensation disclosure summary compensation table.

Note: If any of the populated information is incorrect, it will require a change in the SEC module before the change can be seen in the ECD module.

Information to be completed as part of this section includes:

- Senior Employee Full Name
- Employee's Particulars:
 - Title
 - Position Type
 - Hire Date

5.2 COMPENSATION DETAILS:

	<input checked="" type="checkbox"/> Is Reporting Period Full Year?	i
Annualized Base Salary: *	\$12,336	i
Do You Have a Holdback or Bonus: *	<input type="radio"/> Bonus <input type="radio"/> Holdback <input checked="" type="radio"/> Neither	i
Base Salary: *	\$1,236,544	i

The following information must be entered into the web form for each senior employee that is reported:

- Is Reporting Period Full Year?
- **ANNUALIZED BASE SALARY** — Enter the full year of base compensation for the NEO on the last day of the fiscal year, or their last day of employment, as specified in their contract. This includes any amount of holdback or bonus on top of the base compensation if either type of pay is an element of the total compensation for the employee.
- **HOLDBACK / BONUS** — Indicate if the NEO was eligible for a holdback or bonus for the fiscal year reporting period. Also include the following information:
 - The maximum percentage of holdback or bonus the NEO could achieve.
 - The percentage of the maximum that was awarded.
 - The resulting holdback or bonus amount (\$) will be auto-calculated. Check that this matches the organization's calculation.
- **BASE SALARY** — Provide the dollar value of the base salary earned by the NEO during the year.
[Vacation Payouts and Severance Payouts are reported separately in their respective categories.]

SALARY CONTINUANCE OR WORKING NOTICE — Report as part of the base salary with footnotes that clarify the portion that is paid as salary continuance or working notice, as well as the period over which the continuance is paid in this fiscal and if it extends into the next.

Statutory and Health Benefits: *

50



- **STATUTORY AND HEALTH BENEFITS** — Include the combined dollar value of employer-paid premiums/contributions to statutory and non-statutory benefits for each NEO such as:
 - Employment Insurance premiums
 - Canada Pension Plan premiums
 - Workers Compensation premiums
 - Extended Health and Dental premiums, including Health Spending Accounts
 - Group Life and Accidental Death and Dismemberment benefits available to all employees
 - Long-term disability benefits available to all employees
 - Medical Service Plan premiums
 - Other life insurance policy (i.e. universal life insurance).

Note: For organizations that do not pay employee extended health and dental premiums, but instead reimburse employees for the cost they incur for this benefit type, please use the average annual employee reimbursement amount.

Pension Contributions: *

\$65,000



- **PENSION CONTRIBUTIONS** — Include the employers' pension contributions made for each NEO. Amount reported under the pension contribution section may include:
 - If the organization paid an employee's share of pension contributions.
 - RRSP contributions on behalf of the NEO.
 - Contributions made on behalf of the CEO or NEO Organizations as a result of membership in the Municipal Pension Plan, College Pension Plan, Teachers' Pension Plan or Public Service Pension Plan.
 - Organizations that have unfunded Supplementary Retirement Plan (SRP) arrangements should include the current service costs for these SRP arrangements for the fiscal year being reported that are associated with the CEO or NEO. Include notes describing any material factors necessary to understand the SRP arrangement.

All Other Compensation		
Severance: *	<input type="text"/>	\$0 i
Vacation Payout: *	<input type="text"/>	\$0 i
Paid Leave: *	<input type="text"/>	\$0 i
Vehicle Transportation Allowance: *	<input type="text"/>	\$0 i
Perquisite Other Allowance: *	<input type="text"/>	\$0 i
Other: *	<input type="text"/>	\$0 i
Total of "All Other Compensation" Items:		\$0

- **SEVERANCE** — Report any severance attributable to the termination arrangements of an employee under this category and provide a footnoted explanation of details, such as lump sum payments and timing. If severance is being paid as a salary continuance, the board or the employer may choose to disclose the entire amount for the fiscal year and must use extensive footnotes to ensure clarity on the timing and amount, particularly if it straddles two fiscal years.
- **VACATION PAYOUT** — Any vacation paid out in the fiscal year should be reported. Organizations may choose to provide a footnoted explanation for greater clarity.
- **PAID LEAVE** — The value of any employer-paid leave, such as a sabbatical, or the amortized value of leave earned over multiple reporting periods should be reported. Organizations should provide a footnoted explanation for greater clarity.
- **VEHICLE / TRANSPORTATION ALLOWANCE** — The value of any transportation or vehicle allowance paid to the employee, including the value of a leased vehicle, but not including mileage (under CRA maximum) for private vehicle use, should be reported.
- **PERQUISITE / OTHER ALLOWANCE** — Report the value of any other non-reimbursable allowance not related to transportation. Itemize individual amounts with a description. Some perquisites are defined as taxable benefits, and any amount that is forgiven plus the interest must be disclosed, including subsidized borrowing costs or loans for housing.
- **OTHER** — Include any other property or personal benefit provided to the CEO/NEO. Value these items on the basis of the aggregate incremental cost to the organization. Organizations must provide a footnoted explanation for each item to ensure greater clarity.
- **TOTAL OF "ALL OTHER" ITEMS** — Check that the auto-calculated figure matches your own subtotal.

Total Compensation:	\$1,301,544
Earned But Not Paid: *	<input type="text"/> \$0 i

- **EARNED BUT NOT PAID** — Identify all elements of compensation that were earned or accrued during the previous fiscal year, but were not paid during the previous fiscal year, and have not been otherwise included in this disclosure. This is not meant to include holdbacks if they are scheduled to be paid in the next fiscal year to the NEO(s). Examples may include retirement allowances and accrued paid leaves, or any other form of compensation that an NEO may be accruing. For items that are entered in the web form:

- Only include a dollar value for items if it is known.
- Whether or not a dollar value is known enter a description.
- If the dollar value is known and is *guaranteed to be paid out regardless of the departure circumstances*, the description should include both the amount accrued in this year and the total accrued to date.

Note: The earned amount should be disclosed in the fiscal year it is actually paid, and should then be reported as part of total compensation.

Example – If an NEO accrues one week of retirement allowance based on final salary, and has been accruing the retirement allowance for five years then no dollar value would be entered but the description field should read:

“Accrued one week of retirement allowance to be paid at final salary. Total accrued to date is five weeks.”

If an organization has accrued \$23,000 per year for an administrative leave for an NEO when they leave their current position, and that NEO has been in the position for three years, then \$23,000 would be entered in the field with a description in the notes as follows:

“\$23,000 was accrued towards administrative leave when leaving current position. Total accrued to date is \$69,000”

5.5 NARRATIVE DISCUSSION OF SUMMARY COMPENSATION TABLE

While the items discussed in this narrative will vary depending on the terms of each compensation philosophy or plan, organizations should provide a description of any material factors that would be necessary to better understand the information disclosed in the summary compensation table. This should include a general description of the formula or criteria that has been applied to determine a holdback percentage during the year, and any awards made in relation to the performance measures and targets. The organization may aggregate information for different awards if separate disclosure of each award is not necessary to communicate their material terms.

Organizations that provide the option to receive a retirement allowance, long-service recognition allowance or any other form of payment that is contingent on the employee receiving pension should note its availability, and then disclose it as part of “other” compensation *in the fiscal year it is paid*. A description of the eligibility criteria is required.

5.6 OFFICERS WHO ALSO ACT AS DIRECTORS

If an NEO is also a director who receives compensation for this service, it should be included in the Summary Compensation Table and a footnote provided to explain which amounts relate to the director role.

ITEM 6 – DEFINITIONS

This section defines many of the terms used in this guide and the LIGER system.

“accrued” means elements of compensation that were earned during the fiscal year, but were not paid during the same fiscal year. Examples include retirement allowances, long-service recognition allowance, accrued paid leaves. A description must be included.

“attestation” means the act of declaring the authenticity of a document, by signing one's name to it to affirm that it is genuine.

“benefits” means both statutory and non-statutory, including WCB and Employment Insurance premiums, as well as Canada Pension Plan contributions, in addition to any discretionary benefits paid for by the employer, such as extended health and dental, group life and accidental benefits, long-term disability and Medical Service Plan premiums. This does not mean actual usage by individuals. If an employee receives unused benefits or ‘flex benefits’ in the form of a cash payout, it should be disclosed in the field for ‘Other’ compensation.

“bonus plan” means any plan providing compensation that is not part of base salary, benefits and perquisites and does **not** depend upon achieving specified or pre-established performance goals. It is the norm in the provincial public sector to use a holdback system.

“cessation” is a term used in the LIGER system to indicate a departure from employment including resignation, retirement or termination.

“compensation philosophy” means an explanation of the organization’s decision-making policy for determining compensation, including the four core principles and common benchmarking, as well as a discussion of the underlying policies and decisions for compensation provided to the CEO and NEOs for the most recently completed fiscal year.

“compensation plan” is the manner and means by which the compensation philosophy is put into action, which includes the annual salary structure or ranges, vacation policy and other compensation-related elements. A plan may be for one person or a category of employees.

“Chief Executive Officer” or **“CEO”** means the individual who served as chief executive officer of the organization or acted in a similar capacity (whether or not directly employed by the organization) during the most recently completed fiscal year. A **chief executive officer (CEO)** is the highest-ranking corporate officer, administrator, corporate administrator, executive, or executive officer in charge of management of a corporation, company, organization or agency. If there was a change in CEO during the year, compensation amounts for both CEOs should be included and specified by name (see 3.3 “Preparing the Form”).

“earned but not paid” refers to any and all compensation an NEO is accruing through his or her employment that will be paid at a later date (i.e. retirement allowance, long-service recognition allowance or paid leaves).

“external management company” includes a subsidiary, affiliate or associate of the external management company.

“holdback” as part of a performance-based culture, this element of total compensation is not guaranteed and is paid only when certain objectives or performance measures are met by the employee. Typically a percentage of the annualized base pay is withheld in anticipation that the executive will meet some or all of the objectives and receive the remaining remuneration. An executive may receive all or a portion of the percentage amount of the holdback in a fiscal year.

“incentive plan or pay” means compensation that is paid only when and NEO/CEO has met 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. This includes retention-related payments. Payments made under an incentive plan are not rolled into the base salary in future years, but should be disclosed as a bonus and noted. It is the norm in the provincial public sector to use a holdback system.

“leaves” includes annual vacation days provided to an employee, sabbaticals, administrative leaves, and any other special leaves or ‘days off’ over and above those which are statutorily required.

“life insurance policy” premiums paid as a result of life insurance policies which have the intention of being used to provide a compensatory benefit in the future are reported by employers.

“Named Executive Officers” or “NEOs” are the **CEO and four** highest ranking corporate officers, administrators, corporate administrators, executives or executive officers in charge of the management of a corporation, company, organization or agency. For the purposes of these reporting requirements the CEO and NEOs only includes those *whose annualized base salary was \$125,000 or greater as per the Public Sector Employers Act*, and who are part of the organization’s decision-making team. External management companies are to be reported as separate organizations for purposes of disclosure. K-12 Superintendents must be reported regardless of base salary. If there was a change in the NEO during the year, both NEOs’ compensation amounts should be included. It should be specified which NEO’s compensation is the new NEO (see 3.3 “Preparing the Form”).

“non-reimbursable allowances or payments” are a perquisite that includes any form of compensation paid to an executive or senior employee being disclosed that is not reimbursed to the organization. It should be counted as part of an employee’s total compensation.

“organization” includes other types of business organizations such as partnerships, trusts and other unincorporated business entities which are covered by the *Public Sector Employers Act*.

“perquisite” in general, an item is not a perquisite if it is integrally and directly related to the performance of an executive officer’s duties. This concept is narrowly defined. If something is necessary for a person to do his or her job, then it is integrally and directly related to the job and is not a perquisite, even if it also provides some amount of personal benefit. For example, the cost of travel and registration to a conference related to the duties of the executive officer is not a perquisite. Some examples of perquisites are:

- Employer-provided vehicles, vehicle leases and vehicle allowances;
- Parking;
- Personal financial or tax advice, reimbursements of taxes owed with respect to perquisites or other personal benefits;
- Subsidized borrowing costs or loans;

- Housing or housing subsidy;
- Non-reimbursable allowances or payments.

“**pensions**” includes defined benefit, defined contribution, hybrid, and target benefit pension plans, and Registered Retirement Savings Plans (RRSPs) contributions.

“**professional association dues**” paid by an employer or reimbursed to an employee to maintain a professional credential are a taxable benefit to the employee if not required by the position, which must be included in the disclosure. If the employer benefits or requires the employee to hold the credential for the position then the amount is not a taxable benefit for the employee, and does not require disclosure. This would also refer to professional membership fees.

“**public sector employer**” as defined by the *Public Sector Employers Act* means:

- The government (unless exempted by the regulations), a corporation or an unincorporated board, commission, council, bureau, authority or similar body that has on its board of management or board of directors 50% or more members who are appointed by an Act, a minister or the Lieutenant Governor in Council,
- A subsidiary, as defined in section 1 (1) of the Business Corporations Act, of a corporation that is a public sector employer,
- A board of school trustees as defined in the School Act or a francophone education authority as defined in that Act,
- A university as defined:
 - in paragraph (a) of the definition of "university" in section 1 of the University Act,
 - Royal Roads University continued under the Royal Roads University Act,
 - Thompson Rivers University,
- An institution as defined in the College and Institute Act and a special purpose, teaching university as defined in the University Act,
- A hospital as defined in the Hospital Act or an employer that is designated in the regulations as a health care employer, and
- An employer that is designated in the regulations as a social services employer.

“**relocation or moving allowance**” includes any dollar amount paid to an executive that may be a set amount or is reimbursed to the employer or accounted for through receipted expenses. Reimbursements do not have to be disclosed, but if the funds are advanced there must be proof of receipts that the entire amount was spent on moving costs; if not then the remaining amount must be returned or fully disclosed as part of total compensation.

“**remuneration**” is cash payment or salary for services and does not include the cost of non-monetary benefits.

“**retirement allowance**” (also called a long-service recognition payment) is an amount paid to an employee, who is leaving employment, in recognition of long service. If there is an amount that is earned/accrued through the fiscal year, it must be reported for internal purposes, but is not counted as part of the employee’s total compensation until the fiscal year in which it is paid. If an amount cannot be calculated annually, the terms of the allowance should be noted.

“salary continuance” is a form of severance that may be paid in accordance with the organization’s regular payroll schedule instead of as a lump sum payment to an employee terminated without cause, and in which he or she remains entitled to benefits available only to employees, such as long-term disability or continuation in the group RRSP plan, for a determined period of time. It is reported in the base salary field and noted as salary continuance. The amount must be calculated in compliance with the [Employment Termination Standards](#) and the [Employment Standards Act](#).

“severance” is a lump sum amount payable to an employee upon termination without cause and is calculated based on length of service in compliance with the Employment Termination Standards.

“stipends” are a fixed sum of money paid periodically for services or to defray expenses to reflect additional work beyond the employee’s contract terms. For instance, a nominal stipend may be paid for work done as a research fellow. These are uncommon in the public sector and are generally provided only in special circumstances.

“supplementary retirement plans (SRP)” are pension plan arrangements that are designed to supplement the pension benefit levels that are prescribed for registered pension plans by the Federal *Income Tax Act*.

“taxable benefit” is a payment from an employer to an employee that is considered a positive benefit and can be in the form of cash or other type of payment. Subsidized borrowing costs, low or no-interest loans are commonly defined as taxable benefits for which the forgiven amount plus interest must be disclosed.

“total compensation” includes base salary, holdback or bonus, statutory and health benefits and pension contributions as well as other allowances and/or payments which may include vacation payout, sick leave payout, vehicle allowance, paid parking, severance/salary continuance, retirement allowance, long-service recognition allowance, professional fees not required by the employer for the position, and administrative leave.

“working notice” is the period of time an employer must give an employee during which the employee must continue to work and be paid after the employer gives written notice that it intends to terminate the employment relationship without cause. It is reported in the base salary field and noted as working notice. The amount must be calculated in compliance with the Employment Termination Standards.

ITEM 7 – DISCLOSURE CHECKLIST – see page 6 for a step-by-step guide

A disclosure statement is not considered complete unless the following has been completed. Please ensure that these steps are taken with the required elements submitted to PSEC Secretariat by the deadline requested.

- All compensation plans and contracts for disclosed executives are entered and up to date in LIGER’s Senior Employee Compensation module.**

- Enter the compensation information for the top five decision-making executives being disclosed into the Executive Compensation Disclosure module of the LIGER system.**

- Upload the organization’s compensation philosophy into LIGER system.**
 - K-12 Boards of Education and employers in the post-secondary sector should follow the directions for submission provided by the [BC Public School Employers’ Association](#) or the [Post Secondary Employers’ Association](#).

- Upload the signed board chair attestation addressed to the:**
Christina Zacharuk CEO & President
PSEC Secretariat
2nd Floor, 880 Douglas Street
Victoria, BC V8W 2B7