



# **The Reform of Agencies, Boards and Commissions Compensation Regulation Handbook**

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# The Reform of Agencies, Boards and Commissions Compensation Regulation Handbook

The Reform of Agencies, Boards and Commissions Compensation Regulation establishes the first compensation framework under the [Reform of Agencies, Boards and Commissions Compensation Act \(RABCCA\)](#). The Regulation comes into force on March 16, 2017 and applies to 23 designated public agencies.

This handbook is intended to provide a better understand to the meaning and intent behind the provisions related to compensation elements covered under this regulation. It is also meant to be a place where further policy direction and information can be found to assist those working through the parameters of the regulation. In the event of a discrepancy between this handbook and the regulation or guidelines, the latter prevails.

## Overview – About the Regulation

The regulation brings consistency and clarity to the approach of setting executive compensation in public agencies. The changes will:

- ⊕ Reset the base salary of executives in designated public agencies;
- ⊕ Eliminate bonuses for executives and non-bargaining unit employees;
- ⊕ Eliminate executive market modifiers (i.e. pay over and above regular salary);
- ⊕ Cap executive severance pay to fifty-two (52) weeks;
- ⊕ Align other compensation components, such as benefits with the core public service, or senior management within the relevant agency; and
- ⊕ Enable government to eliminate perks including retention bonuses, club memberships and housing allowances.

## Background

Historically, CEO compensation under the [Alberta Public Agencies Governance Act \(APAGA\)](#) functioned under a decentralized system characterized by independent ministerial and board decision-making. While some positions were governed under the Alberta Government's Senior Official Pay Order in Council (SOPOC), boards that appoint or engage their own CEO were also permitted to set the compensation for these executive roles. Without a common compensation framework, there has been inconsistency in how public agencies evaluate executive roles. Benchmarking against customized peer groups including a mix of public and private sector comparators contributed to divergence and further inconsistencies in compensation practices.

Previous reports from the Auditor General had brought forward recommendations to provide guidance on executive compensation for public agency executives. Findings from phase one of the Agencies, Boards and Commissions Review highlighted significant differences in practices and a growing divergence in compensation between some public agencies and the broader public sector. To address this issue [The Reform of Agencies, Boards and Commissions Compensation Act \(RABCCA\)](#) was passed on May 27, 2016.

The legislation allows government to establish compensation frameworks for public agencies governed under APAGA to strengthen transparency, accountability and governance practices. In the spring of 2016, government gave direction that the first regulation would focus on designated public agencies with CEOs earning a base salary of \$200,000 per year or more.

These agencies span various industries and differ significantly in size, scope, complexity, expenditures and revenues.

### Compensation Principles

The following core compensation principles are the foundations for the development of compensation framework, policies and guidelines for public agencies:

- ⊕ **Public Service** – Compensation supports the acquisition and retention of specialized expertise required to perform roles, while reflecting a commitment to public service, diversity and inclusion.
- ⊕ **Fairness and Consistency** – Compensation recognizes equal pay for work of equal value and is competitive with that provided for similar roles within the Alberta public sector and comparable jurisdictions.
- ⊕ **Transparency** – Compensation policies and decisions are communicated clearly to board members, employees and the public.
- ⊕ **Fiscal Prudence** – Compensation decisions are evidence-based, fiscally prudent and demonstrate accountability for the expenditure of public funds

### The Process for Developing the Regulation

The regulation has been developed by the Public Agency Secretariat (PAS) with the support of Hay Group, an independent national consulting firm, based on:

- ⊕ Jurisdictional research of broader public sector compensation restraint initiatives;
- ⊕ Analysis of key findings from information submitted by designated agencies on current executive plans, philosophies, programs and practices;
- ⊕ Input from designated agency board chairs and CEOs to understand their roles and job complexity; and
- ⊕ Consultations with the relevant government departments to ensure alignment with other strategic initiatives.

### Compensation Oversight for Public Agencies

Under RABCCA, there are two approaches to compensation oversight for public agencies:

#### ***1. Executive Compensation Plan Submission:***

In addition to the 23 agencies that fall under the regulation, 5 agencies will be required to provide an executive compensation plan annually for review and approval to the President of Treasury Board and Minister of Finance:

- ⊕ *Alberta Investment Management Corporation (AIMCo), Alberta Treasury Branches (ATB), and Alberta Teachers' Retirement Fund (ATRF):*
  - These large financial agencies have direct private sector counterparts, such as banks and investment firms. Their compensation must be designed for the specialized financial market in which they operate, while demonstrating alignment with government's compensation principles.
- ⊕ *Alberta Health Services (AHS):*
  - As Canada's only fully integrated provincial health system, there is no similar organization to provide a relevant comparison of compensation.
  - Having AHS submit a compensation plan will ensure scrutiny of their compensation practices while transparency will continue to be provided through salary disclosure.

- ⊕ **Alberta Electric System Operator (AESO):**
  - AESO plays a critical role as Alberta’s electricity system transitions to a capacity market.
  - In the interim, total compensation is frozen at AESO and the agency will submit a compensation plan that demonstrates how it is aligned to achieve the goals of market transition.
  - Once the transition to capacity market is complete the agency’s CEO role is more clearly defined and will be reviewed again at that time.

## 2. Compensation Regulation

Other designated agencies will be governed by the Compensation Regulation:

Agriculture Financial Services Corporation (AFSC)	Balancing Pool (BP)
Alberta Energy Regulator (AER)	Credit Union Deposit Guarantee Corporation (CUDGC)
Alberta Enterprise Corporation (AEC)	Energy Efficiency Alberta (EEA)
Alberta Gaming and Liquor Commission (AGLC)	Health Quality Council of Alberta (HQCA)
Alberta Human Rights Commission (AHRC)	Labour Relations Board (LRB)
Alberta Innovates (AI)	Land Compensation Board (LRB)
Alberta Local Authorities Pension Plan Corp (ALAPP)	Market Surveillance Administrator (MSA)
Alberta Pensions Services Corporation (APS)	Natural Resources Conservation Board (NRCB)
Alberta Petroleum Marketing Commission (APMC)	Surface Rights Board (SRB)
Alberta Securities Commission (ASC)	Travel Alberta (TA)
Alberta Utilities Commission (AUC)	Workers’ Compensation Board (WCB)
Appeals Commission for Workers’ Compensation (ACWC)	

### Application of the Compensation Regulation

- ⊕ The Regulation applies to the 23 designated public agencies listed above.
- ⊕ The framework applies immediately to new hires and reappointments to designated positions.
- ⊕ For current incumbents in designated positions, there is a two-year notice period before the framework applies to them.
- ⊕ The Compensation Regulation comes into force March 16, 2017
- ⊕ All provisions in the Regulation apply to the designated executives listed in [Column I of Schedule I – Designated Executives](#) of the Regulation.
  - Prior to the regulation nine designated agencies were under government’s SOPOC – which is the pay schedule government Deputy Ministers and Senior Officials fall under.
  - While the regulation applies mostly to CEOs and equivalents, the vice-chair and member positions in these nine designated agencies have been removed from the SOPOC and also brought under this regulation.
  - Doing so will keep vice-chairs and members aligned with their Chairs, Chiefs and/or CEOs and allows for the SOPOC to be used solely for senior officials of the core public service.
  - The regulation will not apply to vice-chairs and members who are currently compensated under the Committee Remuneration Order or alternative arrangement as these individuals are already governed by another framework.
- ⊕ The provision on the prohibition of variable pay is the only provision that also applies to all non-bargaining unit employees in addition to the designated executives in Column I of Schedule I – Designated Executives.

## **Regulation Provisions - Compensation Elements**

The regulation includes provisions that address various compensation elements.

### **Base Salary Schedule**

There is recognition that different agencies have different pay pressures in attracting and retaining top talent and base salary ranges should accommodate both current needs and future sustainability. The development of the base salary schedule relied on Hay Group's job evaluation methodology which has been used previously in the Alberta Public Service and is used by the federal government, other provinces and many public agencies across Canada.

The schedule includes seven levels or salary ranges, with the midpoint of each range anchored to the 50<sup>th</sup> percentile of the national broader public sector market data. The market data includes more than 200 public sector organizations across Canada, including 29 diverse Alberta organizations. The methodology used in the base salary schedule accounts for the wide range of scope, complexity and business of the agencies and enables the relative slotting of these roles into the salary ranges in a manner that is fair and consistent.

[Appendix 1](#) provides the base salary schedule under the regulation and the placement of the designated positions.

#### **⊕ Salary Management**

As a policy guideline, the salaries of designated positions will be managed to the midpoint salary and may reach the range maximum over time. Salaries between the midpoint and range maximum may be maintained by current incumbents; however, offers to new hires and/or reappointments should be held between the minimum and midpoint of the salary range.

Salary offers for new hires that are above the midpoint should only be made in exceptional cases to recognize the candidate's unique skillset and will require formal review and approval by the President of Treasury Board and Minister of Finance.

[Appendix 2](#) outlines the process to follow for requesting salary offers above the midpoint rate. Further policy guidelines pertaining to salary progression will be introduced once the current compensation freeze is lifted.

### **Market Modifiers**

Market Modifiers are defined as premiums paid above the base salary. As the base salary schedule is anchored to the broader public sector, its salary ranges have been structured wide enough to accommodate for the market pressures and specialized talent requirements in positions. As such, market modifiers are prohibited for designated executives under the regulation.

## **Variable Pay**

Within the context of this regulation, variable pay refers to a bonus or other incentive pay provided on top of base salary.

All variable pay is prohibited for designated executives and non-bargaining unit positions within the designated agencies. This provision aligns with the core public service and is the only provision in the regulation that extends beyond the list of designated executives in [Appendix I](#).

Agencies that currently have a bonus plan in place may submit a proposal to eliminate variable pay that includes making adjustments to base salaries for employees. The primary focus should be on employees whose incomes are below the threshold for salary disclosure under the [Public Sector Compensation Transparency Act](#) (approximately \$125,000). The proposal must be approved by the President of Treasury Board and Minister of Finance.

[Appendix 3](#) provides more information on the process for the submission of a proposal to eliminate variable pay for relevant designated public agencies.

## **Severance and Termination**

Severance pay may be provided to a designated executive who is terminated without cause in the amount of four (4) weeks of base salary for each full year of continuous service up to a maximum of fifty-two (52) weeks, plus up to 16% of the severance amount in lieu of benefits received prior to termination.

For the purposes of calculating years of continuous service, the executive's previous employment with a public agency or the Crown is considered continuous service if there was no break in service greater than thirty (30) days between employers.

### **⊕ *Repayment of Severance Amount***

If an executive has been able to mitigate losses by finding re-employment during the severance period with either another public agency or the Crown, the executive is required to provide reimbursement of the severance amount originally paid. Severance pay will only be provided if the executive agrees in writing to this stipulation.

### **⊕ *Conditions of Severance, Termination or Separation Pay***

Severance, Termination or Separation pay will NOT be provided under the following circumstances:

- Termination for cause;
- Non-renewal of a contract of employment or term of appointment;
- Resignation or retirement; or
- Direct or indirect result of the establishment or amendment of the compensation framework in the regulation.

## Benefits

Within the regulation, Benefits refers to non-cash compensation items, and includes the following:

- ⊕ Retirement benefits, including pension benefits, supplemental retirement benefits and registered retirement savings plan contributions;
- ⊕ Health benefits, including dental insurance, medical insurance and prescription drug insurance;
- ⊕ Health spending accounts;
- ⊕ Parking;
- ⊕ Vehicle and vehicle allowance;
- ⊕ Travel and living expense reimbursement; and
- ⊕ Leave days.

Benefits or pay in lieu of benefits may be provided to the designated executive as long as they are consistent with the set of guidelines established by the President of Treasury Board and Minister of Finance or if the agency's policy has been approved by the Minister responsible for the designated agency.

- ⊕ *Alignment of benefit programs and policies with the Regulation*

Designated public agencies will have until March 16, 2019 to align their agency's compensation plans (including benefit policies and programs) with the regulation's provisions.

[Appendix 6](#) provides further details of the process in how the Public Agency Secretariat will work with designated agencies to review their benefit programs and policies to ensure alignment with the provisions in the regulation and Ministerial Guidelines.

Where there is divergence in benefit plans and policies, the Public Agency Secretariat will provide assistance and advice on how the agency may better align with the regulation.



The following table summarizes the provisions for the above mentioned benefits within the Ministerial Guidelines:

Compensation Element	Description	Restriction
Health Benefits	Includes: group insurance for dental, medical and prescription drug costs, health spending account, short and long-term disability benefits, group life insurance plans.	Employer cost must not exceed 5% of executive's base salary  Executive or Private Medical Benefits are prohibited.
Retirement Plan	May provide any form of retirement plan to the executive.	Must be a reasonable expectation that it is not more expensive to the public agency than if the executive were a participant in the <a href="#">Management Employees Pension Plan</a> and <a href="#">Supplementary Retirement Plan</a> for public service managers.
Payment in lieu of Health Benefits or Retirement Plan	Permitted if the position occupied by the executive is eligible for benefits/retirement plan and if the executive is otherwise ineligible for that benefit or chooses not to receive that benefit.	Amount must not be greater than the total cost to the public agency if it were providing the benefit and/or retirement plan to that executive.
Relocation Expenses and Leave	Expenses are permitted if executive incurs expenses resulting from needing to relocate for the role.	May reimburse for any expenses incurred as a result of relocating for which other senior management employees would be reimbursed.
	Leave is permitted if executive is required to relocate due to: <ul style="list-style-type: none"> <li>• Position's job location changes; or</li> <li>• If executive was an employee or appointee at the same public agency immediately prior to being an executive and now needs to relocate for the new role.</li> </ul>	Up to five (5) days leave with pay.

Reimbursement of Other Expenses	May be reimbursed for the same expenses as a Government of Alberta employee would be under the relevant <a href="#">Travel and Hospitality Expenses Directive</a> , other than section 3(2) of the directive.	At a rate or amount that does not exceed what a Government of Alberta employee would be reimbursed, and on provision of a receipt when required for a Government of Alberta employee.
Vehicle	Provision of vehicle permitted.	Total purchase price of the vehicle does not exceed \$47,850.
	Vehicle allowance permitted in lieu of vehicle.	Up to \$8,000 per year.
Parking	May be provided at the executive's primary work location.	
Paid Holidays	Permitted	May be provided with the same paid holidays as are provided to all other senior management employees in the public agency.
Vacation Leave	Permitted (includes vacation supplement).	Up to forty (40) days per year.
	May provide pay in lieu of vacation leave.	May be provided in the same circumstances and in the same amount as it would be provided to all other senior management employees in the public agency.
General Leave Days	Permitted (includes: illness leave, family illness leave, bereavement leave, personal leave, maternity, parental or adoption leave, leave for attendance at a court or tribunal).	May provide the same general leave entitlements as are provided to all other senior management employees in the public agency.
Leave of Absence Without or With Pay	Permitted	May be provided if it is in the best interest of the public agency.

**Notes:**

- ⊕ In the case where the public agency receives approval for a benefit policy by their responsible Minister, the approval is valid for the time specified by that Minister to a maximum period of five (5) years.
- ⊕ Ministerial Guidelines may be amended from time-to-time and designated public agencies should review the guidelines periodically on the Public Agency Secretariat's website or contact the Public Agency Secretariat to ensure compliance with the most up to date Guideline provisions.

## Fixed Term Contracts and Appointments

### ⊕ *Standardized Employment Contract Policy Guideline*

- Standardized contract templates are to be used for new appointments and reappointments.
- Any exceptions to the standard contract clauses would require recommendation from the board (where appropriate), supported by the responsible Minister with final approval by the President of Treasury Board and Minister of Finance.
- The Public Agency Secretariat will provide advice and assistance to public agencies in the drafting of employment contracts using standardized contract templates.
- The Deputy Minister of Public Agency Secretariat is the final signatory on employment contracts to ensure terms and conditions are compliant with the regulation. Once finalized, the public agency will file the contract with the Public Agency Secretariat within thirty (30) days.
- [Appendix 4](#) outlines the process of how the public agency and Public Agency Secretariat will work together to finalize the drafting and administration of employment contracts. Any subsequent contract amendments, signed-off by the Deputy Minister of the Public Agency Secretariat should also be filed with the Public Agency Secretariat office.
- Public agencies may contact the Public Agency Secretariat for the most recent standardized contract template.

### ⊕ *Contract Terms*

- Designated executive employment contracts will be of fixed term for not more than six (6) years.
- Current designated executives with indefinite employment terms will have their contracts expire March 15, 2019 (i.e. two (2) years from the regulation's effective date) to transition to a fixed-term contract.

## No Additional Compensation

All other forms of compensation for designated executives not expressly permitted by the regulation are prohibited. This excludes statutory benefits, such as statutory holidays and employer contributions such as Canada Pension Plan and Employment Insurance premiums.

## Exemption or Modification

The President of Treasury Board and Minister of Finance may make exemptions from one or more provisions in the regulation for a designated executive or class of designated executives. This exemption power is expected to provide recourse in exceptional cases to address rare and unique circumstances. Exemption requests must provide a sound, evidence-based rationale.

If an exemption request is approved, the exemption may be for any period specified by the Minister. [Appendix 5](#) outlines the process for the submission of a request for an exemption.

## **Review and Continuous Improvement**

Ongoing maintenance and monitoring of the executive compensation framework within the regulation will ensure that it continues to be relevant and appropriate for designated public agencies.

As a policy guideline, formal review will be conducted every three to five years. This will provide enough time to evaluate the regulation's overall effectiveness, while also determining what further enhancements are required to ensure the overall integrity and rigor in the application of compensation practices.

The review will also permit ongoing evaluation of the effectiveness of the approach and ensures that any trends or issues with respect to the attraction and retention of talent are monitored and addressed.

## **Next Steps...**

- ⊕ For designated public agencies impacted by the prohibition of variable pay:
  - Submit a proposal for the elimination of variable pay by Fall 2017. (See [Appendix 3](#))
  - Work with the Public Agency Secretariat to ensure agency's compensation programs/policies are aligned with the regulation and Ministerial Guidelines by November 2017. (See [Appendix 6](#))
  
- ⊕ All other designated public agencies:
  - Work with the Public Agency Secretariat to ensure agency's compensation programs/policies are aligned with the regulation and Ministerial Guidelines by November 2017. (See [Appendix 6](#))

## Appendix I: Base Salary Schedule

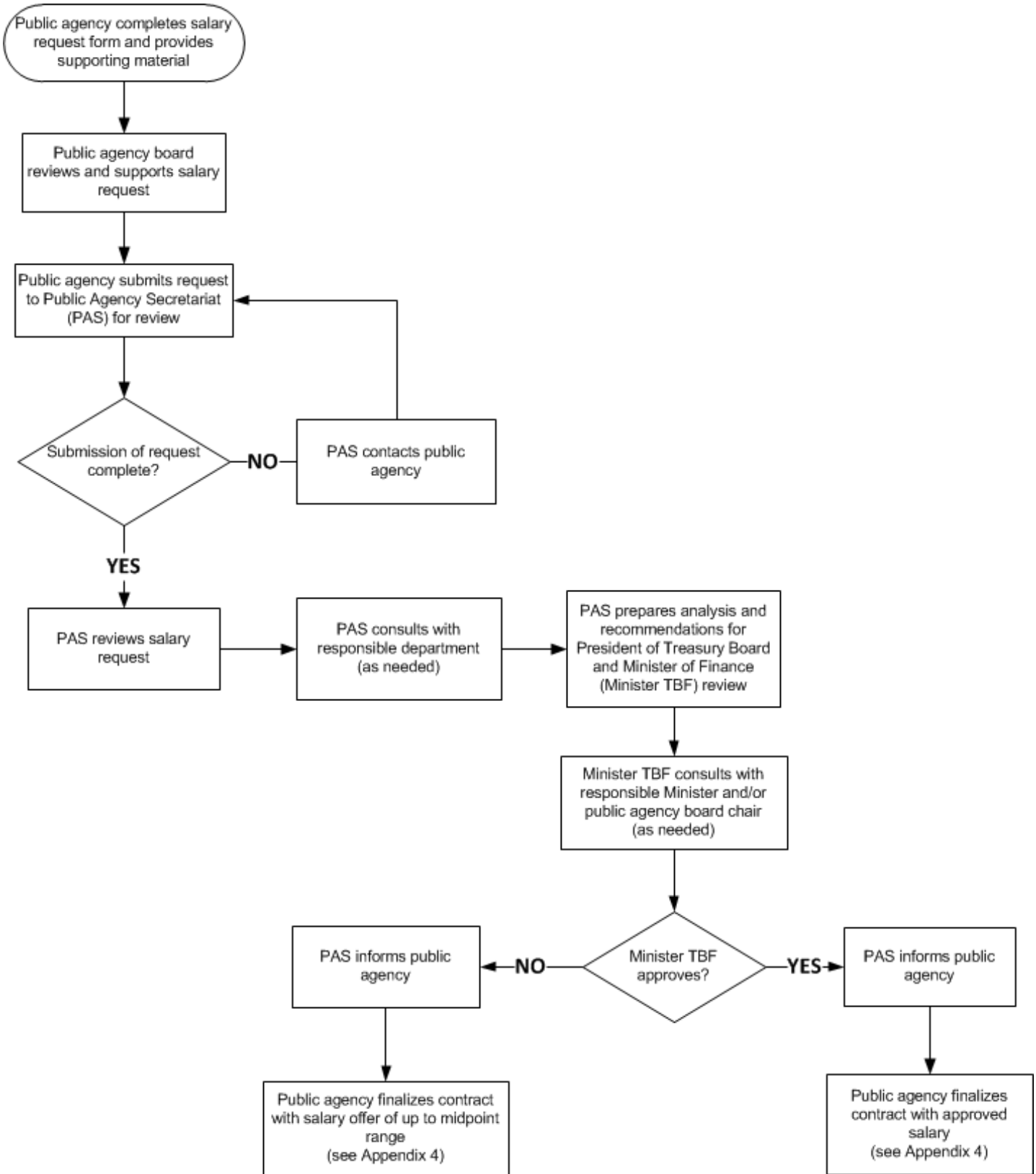
The following is the Base Salary Schedule under the regulation:

Public Agency	Position*	Level	Minimum Salary (\$)	Mid-point Salary (\$)	Maximum Salary (\$)
Alberta Securities Commission	Chair and CEO	7	333 280	416 600	499 920
Alberta Energy Regulator	CEO	6	264 480	330 600	396 720
Alberta Innovates	CEO	6	264 480	330 600	396 720
Alberta Utilities Commission	Chair	6	264 480	330 600	396 720
The Workers' Compensation Board	President of the Board	6	264 480	330 600	396 720
Agriculture Financial Services Corporation	President and Managing Director	5	223 040	262 400	301 760
Alberta Gaming and Liquor Commission	CEO	5	223 040	262 400	301 760
Alberta Pensions Services Corporation	President and CEO	5	223 040	262 400	301 760
Alberta Petroleum Marketing Corporation	CEO	5	223 040	262 400	301 760
Credit Union Deposit Guarantee Corporation	CEO	5	223 040	262 400	301 760
Alberta Enterprise Corporation	President and CEO	4	184 365	216 900	249 435
Alberta Human Rights Commission	Chief of the Commission and Tribunals	4	184 365	216 900	249 435
Alberta Local Authorities Pension Plan Corporation	President and CEO	4	184 365	216 900	249 435
Alberta Utilities Commission	Vice-chair	4	184 365	216 900	249 435
Appeals Commission under the Workers' Compensation Act	Chief Appeals Commissioner	4	184 365	216 900	249 435
Health Quality Council of Alberta	CEO	4	184 365	216 900	249 435
Labour Relations Board	Chair	4	184 365	216 900	249 435
Land Compensation Board	Chair	4	184 365	216 900	249 435
Natural Resources Conservation Board	Chair	4	184 365	216 900	249 435
Surface Rights Board	Chair	4	184 365	216 900	249 435
Travel Alberta	CEO	4	184 365	216 900	249 435
Alberta Utilities Commission	Member	3	153 595	180 700	207 805
Balancing Pool	CEO	3	153 595	180 700	207 805
Energy Efficiency Alberta	CEO	3	153 595	180 700	207 805
Market Surveillance Administrator	Market Surveillance Administrator	3	153 595	180 700	207 805
Alberta Human Rights Commission	Member	2	130 135	153 100	176 065
Appeals Commission under the Workers' Compensation Act	Vice-chair	2	130 135	153 100	176 065
Labour Relations Board	Vice-chair	2	130 135	153 100	176 065
Land Compensation Board	Vice-chair	2	130 135	153 100	176 065
Natural Resources Conservation Board	Member	2	130 135	153 100	176 065
Surface Rights Board	Vice-chair	2	130 135	153 100	176 065
Appeals Commission under the Workers' Compensation Act	Appeals Commissioner	1	111 775	131 500	151 225
Land Compensation Board	Member	1	111 775	131 500	151 225
Surface Rights Board	Member	1	111 775	131 500	151 225

*\*The title of a position listed in Column 1 includes any other title or name that is or may be used for that position.*

## Appendix 2: Request for Salaries above Midpoint Rate - Process

The following outlines the process for requesting approval to offer base salaries above the midpoint rate to new hires.



## Appendix 2: Request for Salaries above the Midpoint Rate - Details

As a policy guideline, a public agency may offer any salary amount for new hires that is between the minimum and midpoint rate of the assigned salary range. Any salary offer that is above the midpoint should be reserved for unique circumstances to recognize exceptional skill and talent. Formal approval is required by the President of Treasury Board and Minister of Finance upon consultation with your responsible Minister.

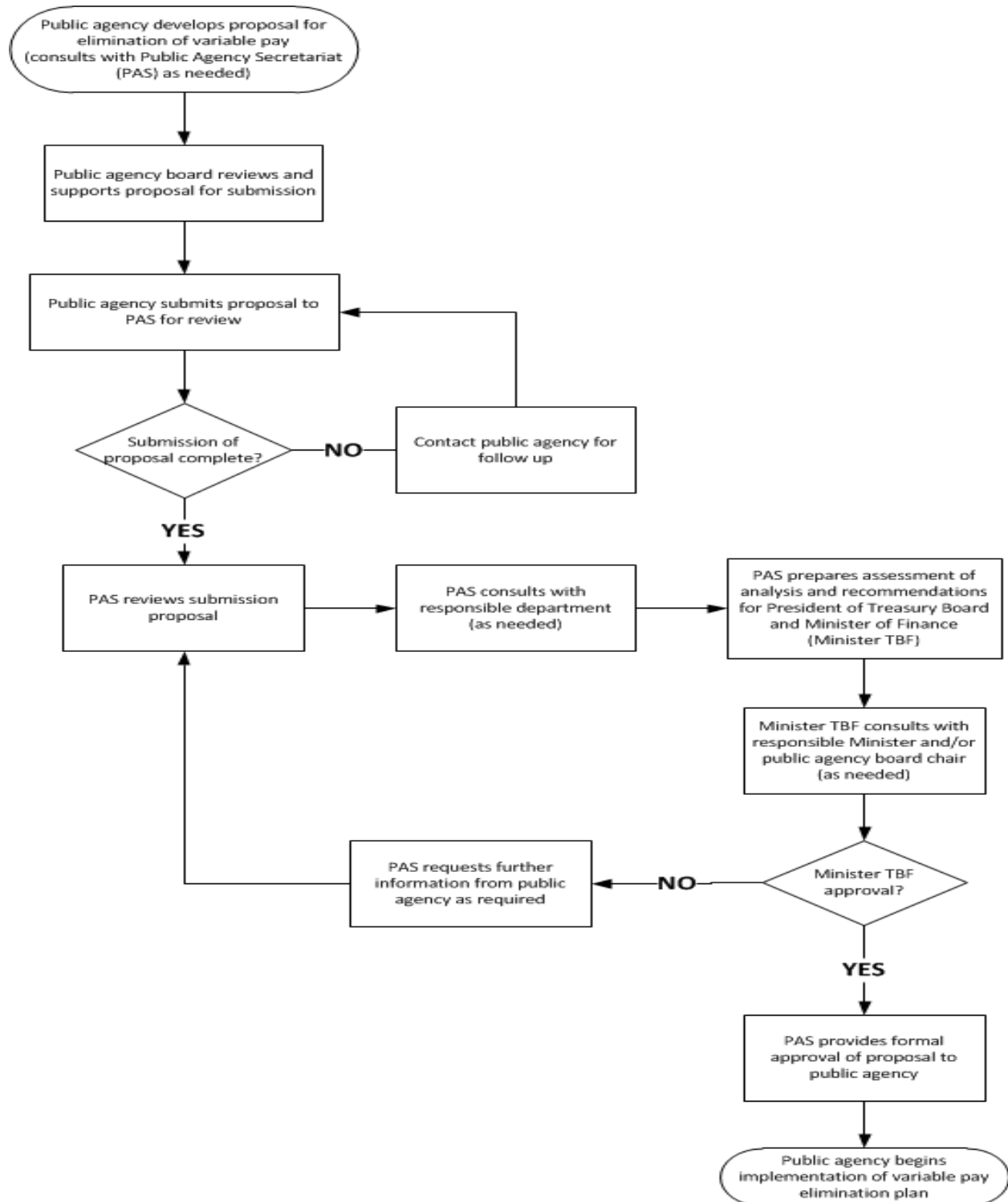
The following highlights the information public agencies should submit when requesting approval to offer salary above the midpoint. The Public Agency Secretariat provides the form that can be used when submitting a request.

<b>Section A: Designated Public Agency Profile</b>
<ul style="list-style-type: none"> <li>• Functional Category of designated agency</li> <li>• Main address of designated agency</li> <li>• Description of agency mandate</li> <li>• Business/Operating environment</li> <li>• Major annual funding channel for the agency (i.e. % government funding; % industry funding etc.)</li> <li>• Number of FTEs and executives</li> <li>• Operating budget and revenue (if applicable)</li> <li>• Agency contact information</li> </ul>
<b>Section B: Proposed Base Salary and Benefits</b>
<ul style="list-style-type: none"> <li>• Designated executive's current base salary range under the Compensation Regulation</li> <li>• Designated executive's proposed base salary above the midpoint and benefits (as a % of proposed base salary)</li> </ul>
<b>Section C: Proposed Total Compensation</b>
<ul style="list-style-type: none"> <li>• Designated executive's proposed total compensation (includes: proposed annual base salary, employer cost for total benefits, pension plan, supplementary retirement plan, pay-in-lieu or other allowances)</li> </ul>
<b>Sections D and E: Role Evaluation Criteria</b>
<ul style="list-style-type: none"> <li>• Provides definitions and details of the criteria used to assess rationale for the proposed base salary</li> <li>• Comments and assessment against key criteria to provide further rationale for supporting the proposed base salary</li> </ul>
<b>Section F: Additional Compensation Information</b>
<ul style="list-style-type: none"> <li>• Memo summarizing public agency's request and rationale</li> <li>• Designated executive's most recent job description/profile</li> <li>• Designated executive's most recent resume</li> <li>• Additional supplemental information that further supports the public agency's proposed salary request</li> </ul>

### Appendix 3: Variable Pay Elimination Proposal - Process

The Public Agency Secretariat will work with public agencies to submit a variable pay elimination proposal. Initial steps with the public agency may include:

- ⊕ Reviewing initial compensation data on positions that are eligible for variable pay.
- ⊕ Upon the Public Agency Secretariat’s feedback of the data, the agency will develop a proposal to adjust salaries for staff that are under the salary disclosure threshold.





### Appendix 3 – Variable Pay Elimination Proposal - Details

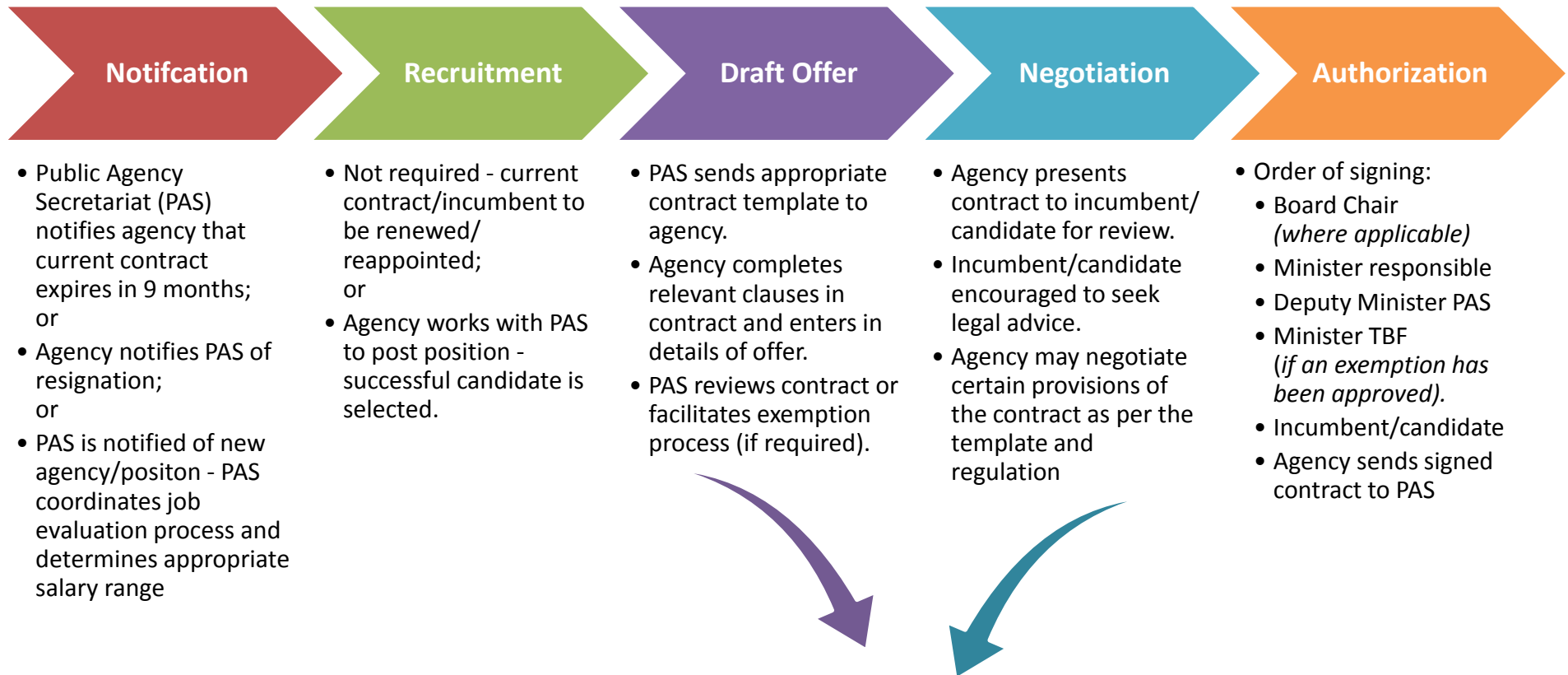
Under the regulation, the provision of variable pay is prohibited. Public agencies impacted by this prohibition may submit a proposal for the adjustment of base salaries. Formal approval to implement such a plan is required by the President of Treasury Board and Minister of Finance upon consultation with your responsible Minister. It is not anticipated that the Minister will approve adjustments for employees whose incomes are above the threshold of the salary disclosure under the *Public Sector Compensation Transparency Act* (i.e. \$125,000).

The following highlights information that can guide the thought process in developing such a plan and should be included when submitting a proposal dealing with the elimination of variable pay. The Public Agency Secretariat provides a worksheet that may assist the development of a variable pay elimination proposal.

<b>Section A: Designated Public Agency Profile</b>
<ul style="list-style-type: none"> <li>• Functional Category of designated agency</li> <li>• Main address of designated agency</li> <li>• Description of agency mandate</li> <li>• Business/Operating environment</li> <li>• Major annual funding channel for the agency (i.e. % government funding; % industry funding etc.)</li> <li>• Number of FTEs and executives</li> <li>• Operating budget and revenue (if applicable)</li> <li>• Agency contact information</li> </ul>
<b>Section B: Base Salary and Variable Pay</b>
<ul style="list-style-type: none"> <li>• Employees' base salary and variable pay (prior to Compensation Regulation)</li> </ul>
<b>Section C: Total Compensation</b>
<ul style="list-style-type: none"> <li>• Employees' total compensation (includes: annual base salary, variable pay, employer cost for total benefits, pension plan, Supplementary Retirement Plan, Pay-in-Lieu or other allowances )</li> </ul>
<b>Section D: Proposed Base Salary</b>
<ul style="list-style-type: none"> <li>• Employees' base salary after implementation of Compensation Regulation and elimination of variable pay</li> </ul>
<b>Section E: Proposed Total Compensation</b>
<ul style="list-style-type: none"> <li>• Updated employee total compensation information (after implementation of Compensation Regulation)</li> </ul>
<b>Section F: Additional Compensation Information</b>
<ul style="list-style-type: none"> <li>• Additional supplemental information to explain any modifications to agency's compensation policies and programs</li> </ul>

## Appendix 4: Employment Contract Process

The following outlines the employment contract process for designated agencies under the regulation. Designated agencies may contact the Public Agency Secretariat for a standardized contract template.



- Public Agency Secretariat (PAS) notifies agency that current contract expires in 9 months; or
- Agency notifies PAS of resignation; or
- PAS is notified of new agency/position - PAS coordinates job evaluation process and determines appropriate salary range

- Not required - current contract/incumbent to be renewed/reappointed; or
- Agency works with PAS to post position - successful candidate is selected.

- PAS sends appropriate contract template to agency.
- Agency completes relevant clauses in contract and enters in details of offer.
- PAS reviews contract or facilitates exemption process (if required).

- Agency presents contract to incumbent/candidate for review.
- Incumbent/candidate encouraged to seek legal advice.
- Agency may negotiate certain provisions of the contract as per the template and regulation

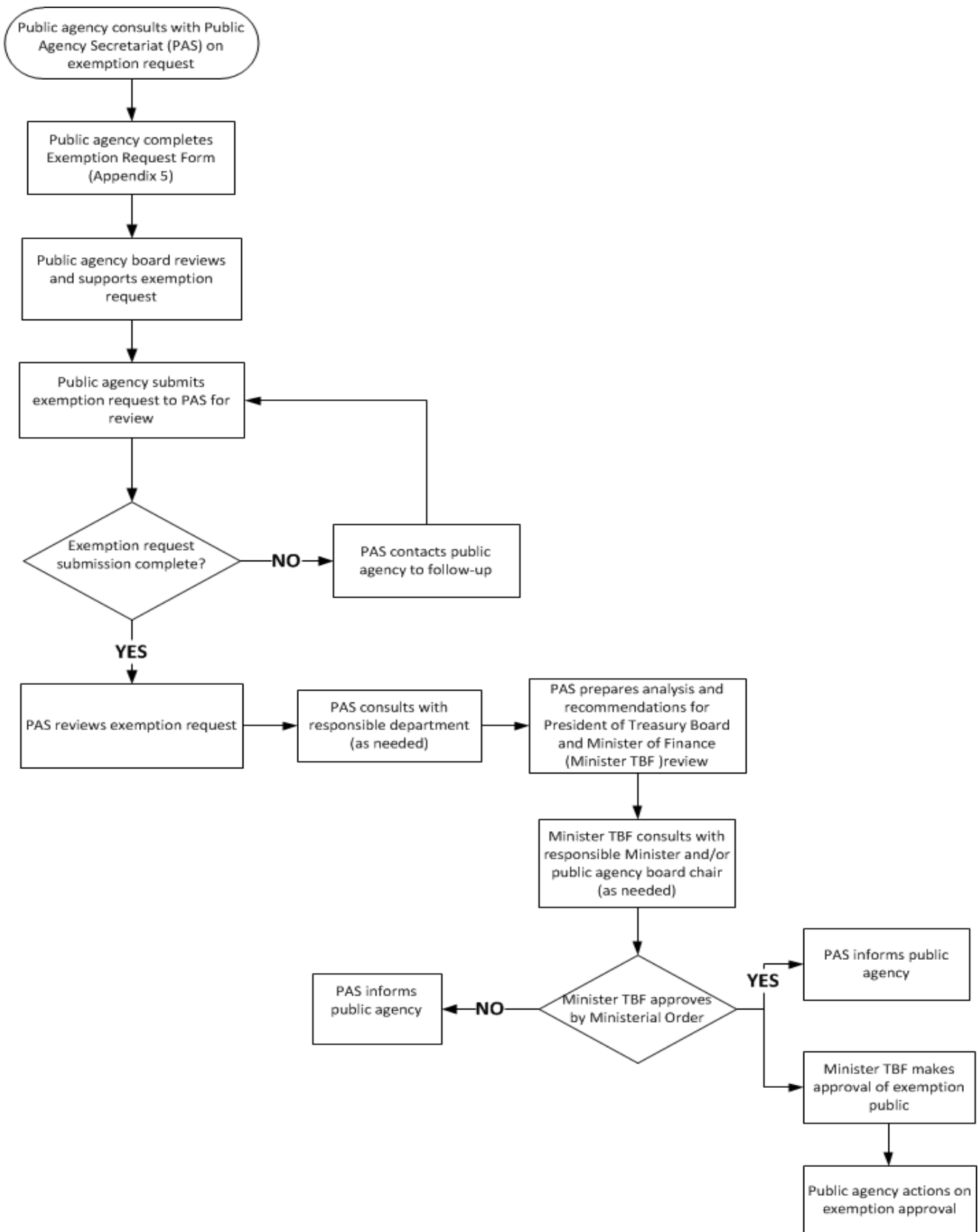
- Order of signing:
  - Board Chair *(where applicable)*
  - Minister responsible
  - Deputy Minister PAS
  - Minister TBF *(if an exemption has been approved)*.
  - Incumbent/candidate
  - Agency sends signed contract to PAS

Any exemptions to the regulation and setting a base salary above the midpoint **MUST be pre-approved by the President of Treasury Board, Minister of Finance** prior to presenting contract to incumbent/candidate. Go to:

- Request for Exemption Process; and/or
- Request to Set Salary Above Midpoint Process

## Appendix 5: Exemption Request Process

The following outlines the process for submitting an exemption request:



## Appendix 5: Exemption Request - Details

Under the regulation, the President of Treasury Board and Minister of Finance may by order exempt a designated executive or class of designated executives from the application of one or more provisions of the compensation framework. Such exemptions will only be made in rare and exceptional circumstances that are anchored to evidence-based rationale.

The following highlights the information required when requesting approval for the exemption. The Public Agency Secretariat provides the form that can be used for submission to request an exemption.

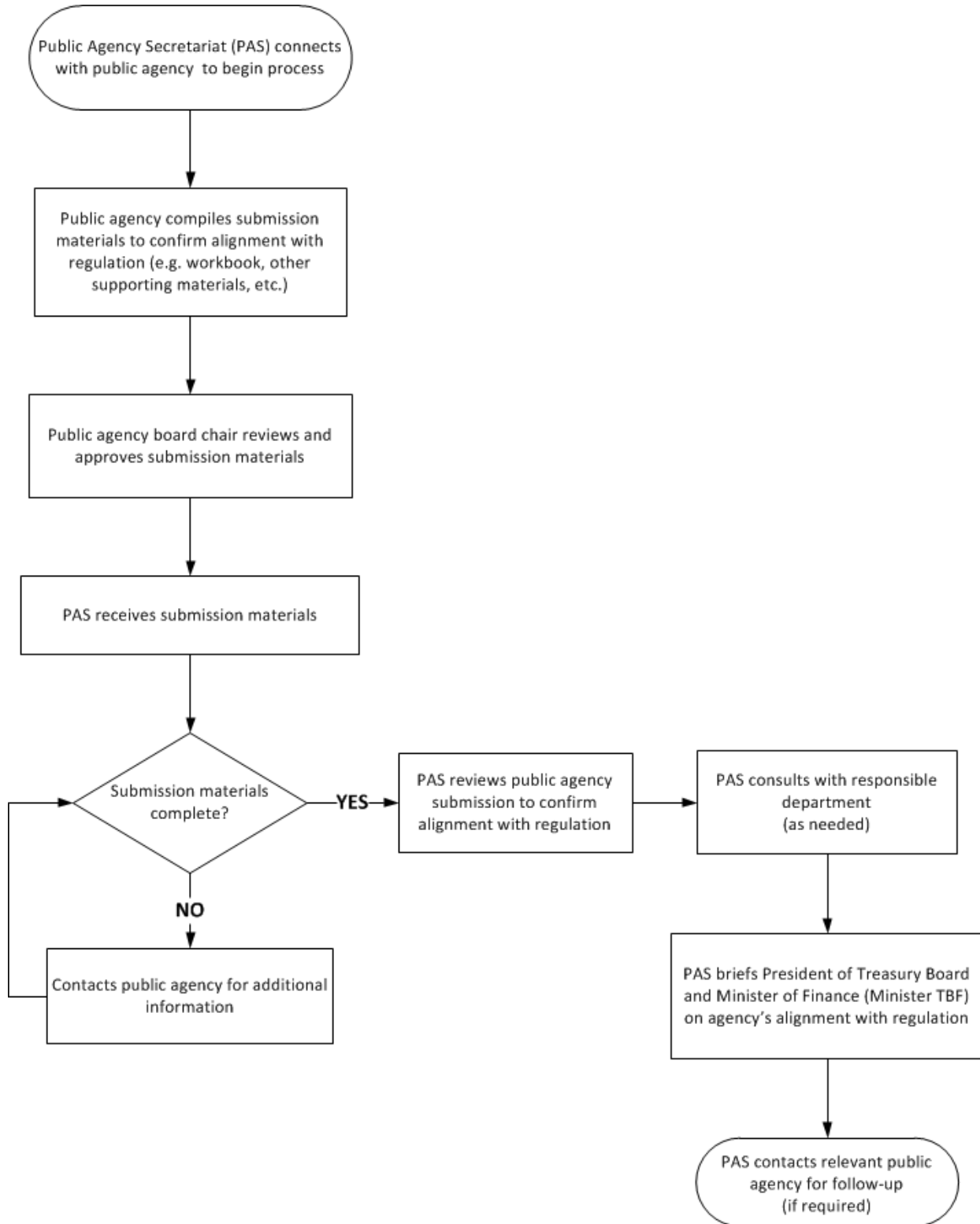
<b>Public Agency Name:</b> _____	
<b>Responsible Ministry:</b>	
<b>Functional Category:</b>	
<b>Background Information:</b>	<i>Provide background information that may support agency's exemption request</i>

<b>Exemption Request</b>		
Identify which provision in the regulation the exemption is for and rationale for the exemption. An example is provided to guide your request submission.		
<b>Regulation Provision (include Section and Subsections)</b>	<b>Exemption Request</b>	<b>Rationale for Exemption</b>
<i>e.g. Section 9(1): Fixed term contracts and appointments</i>	<i>e.g. Request for a fixed term of 8 years (instead of 6 years)</i>	<i>State sound, evidence-based rationale</i>

The above information should be supported by a cover memo and any additional materials such as costing analyses, etc. that summarize the exemption and rationale for the request.

## Appendix 6: Regulation Alignment - Process

The following outlines the process for ensuring designated agencies are aligned with the regulation and Ministerial Guidelines:



## Appendix 6: Regulation Alignment - Details

Various compensation elements in the regulation are restricted so that entitlements do not exceed what is provided for in the core public service and are consistent with the regulation's provisions and Ministerial Guidelines or the agency's policy as approved by the responsible Minister.

To guide agencies through this process, the Public Agency Secretariat provides a workbook that outlines the information below and can be used by the agency to demonstrate its alignment of its compensation programs and policies with the regulation and Ministerial Guidelines.

### Section A: Alignment Template Details

- Agency outlines its various compensation elements compared to what is set out in the Compensation Regulation including:
  - Base salary and Severance Pay Provisions
  - Benefit and Retirement Plans
  - Relocation Expenses and Leave Policies
  - Other compensation elements including, parking, vehicle provisions and allowances
  - Vacation and Other Leave

### Section B: Regulation Alignment Summary

- Agency summarizes the compensation elements that are aligned and not aligned with the Compensation Regulation.
- Where there is not an alignment, agency provides comments and rationale for the divergence.

Where there is divergence in agency compensation policies and programs, the Public Agency Secretariat will work with the agency to suggest how alignment with regulation provisions can be achieved and/or alternate course of action.

## Appendix 7: Legislation, Forms and Templates

### Legislation and Regulation

[The Reform of Agencies, Boards and Commissions Compensation Act](#)

[The Reform of Agencies, Boards and Commissions Compensation Regulation](#)

- Ministerial Guidelines

### Forms and Templates

The Public Agency Secretariat provides forms and templates for the following:

- ⊕ Salary Request for Above Midpoint Range Form
- ⊕ Variable Pay Elimination Proposal Worksheet
- ⊕ Regulation Alignment Worksheet
- ⊕ Standardized Contract Template
- ⊕ Exemption Request Form

Designated public agencies may contact The Public Agency Secretariat's Compensation Unit for the above forms and templates:

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