

June Compensation Disclosure for Public Sector Bodies

Questions and Answers

This document provides answers to the most commonly asked questions about compensation disclosure for public sector bodies. Please also see the [Public Sector Compensation Transparency Act](#) (PSCTA).

Threshold

The threshold amount for the relevant disclosure period is posted on Alberta.ca, on the [Public sector body compensation disclosure web page](#).

Q1. How do we determine if an employee is over the threshold?

Add the total compensation paid to the employee in the previous calendar year plus any severance that was paid or became payable to the employee in the same year. The total of these amounts will determine if the employee is over the threshold. Members are not subject to any threshold. Please refer to the Technical Guide for more information on how to determine compensation and severance amounts.

Q2. Does the calculation of compensation (including severance) include taxable benefits?

Yes. The threshold for public sector bodies includes compensation and severance. Compensation starts with Box 14 on the T4 and includes taxable benefits.

Q3. Do we need to disclose compensation for employees who arrive and leave during the year if they have exceeded the threshold?

Yes, compensation needs to be disclosed if the employee reached the threshold in the calendar year, regardless of whether they remained with the public sector body for the entire year.

Q4. If an employee or member has a written right of confidentiality in an employment contract or severance agreement, do we need to disclose a statement of remuneration for that employee or member?

Yes. Section 3(4) of the PSCTA previously prevented disclosing an employee or member's confidential information where that right was given in a signed contract prior to November 5, 2015.

However, Section 3(4) no longer applied after December 31, 2017. Therefore, public agencies are now required to disclose under the PSCTA, regardless of any contractual or other legal right of confidentiality.

Example 1: An employment agreement between a public sector body and an employee, dated August 1, 2015, contains a clear confidentiality clause protecting the employee's salary from being disclosed. As part of the June 2018 disclosure process, the public sector body must disclose the employee's salary for the prior calendar year, provided it is over the threshold.

Employees or members moving to another entity and secondments

Q5. What happens when a board member and/or employee departs to a Government of Alberta ministry or department? Will we need to keep that data or will it be transferred over?

Regardless of whether the two entities both use the Government of Alberta (GoA) payroll system (IMAGIS) or different payroll systems, each entity must report the compensation for the partial year, if the transferring individual meets the threshold applicable to that entity. It is recommended that public sector bodies review the legislation and seek advice as necessary on their disclosure obligations where employees or members paid through the GoA payroll system transfer to a different entity.

Example 1: Michael worked for Alberta Energy for five months then moved to the Office of the Auditor General for the rest of the year. Alberta Energy must disclose Michael's compensation if he met the GoA employee threshold during the five-month period. Similarly, the Office of the Auditor General must report Michael's compensation if he met the threshold for public sector body employees during the subsequent seven-month period.

Example 2: Terrell was employed with the University of Alberta from January to April of the same calendar year. He accepted a position with the GoA for the rest of the year. The University of Alberta will report Terrell's compensation from January to April if he reached the threshold for public sector bodies in those four months. The GoA will report Terrell's salary for the rest of the year if he reached the GoA threshold with his earnings from the GoA.

Q6. Some employees work for more than one public sector body at a time. The total compensation may put them over the threshold while each individual employment relationship does not. How is that disclosed?

Each public sector body will report the compensation (and other required information) paid to the employee by that public sector body. The threshold is not cumulative.

Example 1: Nyla works part-time for the Alberta Energy Regulator. She also works part time at the Alberta Sport Connection. If Nyla does not reach the threshold at either reporting entity, she would not be on the disclosure list for either entity.

Q7. Who reports the salary paid to a GoA employee seconded to a public sector body?

The compensation paid to a seconded employee is generally reported by the entity that pays the employee during the secondment.

Example 1: Aiko works for the GoA. She was seconded for two years to Alberta Health Services. The secondment agreement provides that the GoA continues to pay Aiko's salary and the GoA is reimbursed by AHS. The GoA issues the T4 to Aiko. Aiko is reported on the disclosure list for the GoA if she is over the threshold for GoA employees.

Example 2: Amos works for the University of Alberta. He is seconded to the GoA for a year. The university continues to pay Amos and issues the T4. Amos is reported on the disclosure list for the university if he is over the threshold for public sector bodies.

Q8. Some board members serve on more than one board. How will this be reported?

Each board will report the compensation paid to a member for serving on that board. Payments will not be combined. Payments made through the GoA's payroll system must be manually separated and calculated by board.

Q9. Does PSCTA apply to employees under a contract who are excluded from the definition of employee under the *Public Service Act*?

PSCTA applies to an employee of the GoA or a public sector body and does not refer to the *Public Service Act*. If the GoA or public sector body issues a T4 to the employee, and they are over the threshold or a member then the compensation must be disclosed.

However, no disclosure is required for a person who is hired on a contract for services when disclosure of that contract is made under the [Blue Book](#) (or would be made if the payment were over the threshold) or grants portal. The Blue Book shows who is doing business with government and selected payments that have been made for supplies or services purchased by departments from the General Revenue Fund.

Non-monetary benefits

Q10. What types of payments or benefits are captured in the “non-monetary benefits” category?

Non-monetary benefits are essentially other benefits provided to or on behalf of an employee that are not captured in Box 14 of the T4. Even though they are called non-monetary, by virtue of the definition, these benefits could in fact be monetary benefits.

For clarification, below is a list of items that could be considered to be non-monetary benefits and should be reported as “other” benefits:

- Employer's portion of:
 - Pension contributions
 - Canada Pension Plan, Employment Insurance, and Workers' Compensation Board premiums
 - Health, dental, and other benefit premiums made on behalf of the employee that are not taxable

The following are **NOT** non-monetary benefits and do not need to be disclosed:

- Health spending account
- Reimbursements for tuition or courses
- Professional dues and memberships where the dues are related to the employment (e.g. Law Society fees for legal counsel)
- Travel expenses for business-related trips (e.g. mileage, meals)
- Parking as a paid benefit (normally this is included in Box 14 of the T4 and reported as compensation)
- Employer-paid or -subsidized parking where the vehicle is required for work (where classified by the Canada Revenue Agency as non-taxable)
- Damages settlements, human rights adjudication and arbitrations not related to compensation or termination of employment
- Earned vacation not yet taken or paid out

Severance and termination

Q11. How does severance that is paid over more than one calendar year get disclosed—in the year the agreement is signed or in the years the amounts are paid?

Severance gets disclosed in the year the employee became entitled to it. Generally, that is the year the employment is terminated and the employee stops working. Severance includes amounts payable in future years where the amount is known and where the employee has become entitled to that amount in the year to which the disclosure pertains.

Example 1: Marcelina's employment with the University of Calgary is terminated. She receives a lump sum payment in September for 12 months' notice, covering the period of August 15 to August 14 of next calendar year. The University of Calgary discloses the full lump sum payment in the current calendar year if the threshold is met for the total remuneration.

Example 2: Stephen's employment with the Auditor General is terminated effective November 15. The parties agree to a payment of three instalments: November 30, February 15 of next calendar year, and May 15 of next calendar year. The Auditor General should report the full severance amount in the current year's disclosure. The two instalments paid in the next calendar year do not get reported again.

Note: Severance does not get disclosed when the employee starts their employment and signs an employment contract that includes a provision for severance, which may activate at some point in the future.

Q12. Where the public sector body and its employee agree on an amount to be paid on voluntary departure, such as early retirement incentives that are not based on factors such as years of service, age, level of responsibility, and employment market, are these amounts required to be reported as severance?

Yes. Amounts related to termination of an employee's employment, including a retirement allowance, are reported as severance.

Immediate disclosure for dissolved public sector bodies

Q13. What happens when a public sector body dissolves or amalgamates?

The [Public Sector Compensation Transparency Dissolved Public Sector Bodies Regulation](#) requires that, before being dissolved, amalgamated, or otherwise ceasing to exist, a public sector body must disclose:

- A statement of remuneration for the current calendar year
- A statement of remuneration for the previous calendar year, if not yet disclosed

If the dissolved or amalgamated agency had positions listed under Column 1 of Schedule 1 of the [Reform of Agencies, Boards and Commissions Compensation Regulation](#) or was otherwise required to disclose employment and severance contracts, these would also need to be disclosed at that time.

Disclosure will follow the same process as outlined in the [Technical Guide on June 2018 Compensation Disclosure for Public Sector Bodies](#).

Before a public sector body dissolves or amalgamates, the public sector body will need to disclose all remuneration paid to members and the remuneration paid to employees earning more than the stated threshold for the current calendar year as well as the previous calendar year, if disclosure has not yet been done for that year. If a public sector body cannot make the required disclosure, it must provide its responsible GoA department the information needed to make the disclosure as soon as possible and, in any event, no later than June 30 of the calendar year following the year in which the public sector body was dissolved.