Alberta Government

Public Sector Compensation Transparency Act

Questions and Answers for Public Sector Bodies

THRESHOLD

Note: 2016 thresholds for compensation disclosure are as follows:

- $105,906 for Government of Alberta employees (base salary or severance).
- $126,375 for public sector body employees (compensation plus severance).
- No threshold for members of public sector bodies.

Q1. Do the salaries of public sector body employees that arrive or leave during the year need to be included if they exceeded the threshold?

A: Yes, compensation needs to be disclosed if they reached the threshold in the calendar year, regardless of whether they were there for the entire year or part of the year.

Q2. In the threshold, all remuneration (including severance) is included in the threshold calculation, which would also include all taxable benefits. Is this correct?

A: The threshold for employees of public sector bodies includes "compensation" and "severance" (although they are reported separately). Members do not have a threshold. Compensation starts with Box 14 on the T4 and includes taxable benefits.

EMPLOYEES OR MEMBERS MOVING TO ANOTHER ENTITY AND SECONDMENTS

Q3. What happens when a board member/employee departs to another ministry or division? Will we need to keep that data or will it be transferred over?

A: Employees who are paid through the Government of Alberta's (GOA's) payroll system (IMAGIS) are reported once by the employer they worked for on December 31st, even if they worked for two different entities that use the GOA's payroll system.

If the two entities that the employee worked for use different payroll systems, then each entity will report the compensation for the partial year, if the employee meets the threshold with that entity.

> Example 1: Michael worked for the department of Energy for five months, then moved to the Auditor General's office for the rest of the year. Michael is subject to the threshold for public sector bodies and his compensation for the entire year is reported by the Auditor General.

Example 2: Melony moved from the Child and Youth Advocate to the department of Human Services during 2016. Melony's compensation for the entire year is reported by the GOA, using the GOA threshold.

Example 3: Terrell was employed with the University of Alberta from January to April 2016. He accepted a position with the GOA for the rest of the year.

The U of A 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.

Q4. 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?

A: 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. However, this rule does not apply in the circumstances noted in Q3 above (GOA payroll system).

Example 4: Nyla works part time for Alberta Energy Regulator and earns $67,000 with that organization. She also works part time for the Government of Alberta and earns $60,000 with the GOA. Nyla does not reach the threshold at either reporting entity. Therefore, she would not be on the disclosure list for either entity.

Q5. Who reports the salary paid to an employee seconded to a public sector body?

A: The compensation paid to a seconded employee is generally reported by the entity that pays the employee during the secondment. In most cases, that will be the home employer.

Example 5: Aiko works for the Government of Alberta. Her base salary is $110,000. 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 Alberta Health Services (AHS). GOA issues the T4 to Aiko. The GOA makes the disclosure for Aiko using the GOA threshold.

Example 6: Adrian works for Syncrude. He is seconded to the Government of Alberta for a year. Syncrude continues to pay his salary and issue his T4. Syncrude is reimbursed by the Government of Alberta. Adrian does not appear on the disclosure list. Syncrude is not a public sector body, and Adrian is not an employee of the GOA for the purposes of disclosure. If the reverse is true (Adrian works for GOA and is seconded to Syncrude), he is subject to disclosure by the GOA if his base salary is over the GOA threshold.

Example 7: Amos works for the University of Alberta. He is seconded to the GOA for a year, ending in September 2016. The University of Alberta continues to pay Amos and issues the T4. Amos is reported on the disclosure list for the U of A if he is over the threshold for public sector bodies.

Q6. Some board members serve on more than one board. How will this be reported?

A: 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.

Q7. Does the act apply to employees under a contract who are excluded from the definition of employee under the *Public Service Act*?

A: The act applies to an employee of the GOA or a public sector body, and does not reference the *Public Service Act*. If the GOA or public sector body issues a T4 to the person 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 for which disclosure 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

Q8. What types of payments or benefits are captured in the "non-monetary benefits" category?

A: 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.

The following should be reported as "other" non-monetary benefits:

- Employer's portion of:
  - pension contributions
  - CPP, EI and WCB premiums
  - health and dental and other benefit premiums made on behalf of the employee that are not taxable.

The following are not required to be reported as "other" non-monetary benefits:

- 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 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

Q9. 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?

A: 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.

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

Example 8: Marcelina's employment with the University of Calgary is terminated, effective August 15, 2016. She receives a lump sum payment in September 2016 for 12 months' notice, covering the period August 15, 2016, to August 14, 2017. The University of Calgary discloses the full lump sum payment in the disclosure for the 2015 year.

Example 9: Stephen's employment with the Auditor General is terminated effective November 15, 2016. The parties agree to a payment of $150,000 to be paid in three instalments: November 30, 2016; February 15, 2017; and May 15, 2017. The Auditor General should report the full $150,000 in its disclosure for 2016. (The two instalments paid in 2017 do not get reported again in 2017.)

Q10. Where the public sector body and its employee agree on an amount to be paid on voluntary departure (e.g., early retirement incentives that are not based on factors such as years of service, age, level of responsibility, employment market, etc.), are these amounts required to be reported as severance?

A: Generally, yes. Amounts related to termination of an employee's employment, including retirement allowance, are reported as severance.

Q11. Does the salary of someone whose employment was terminated with a retiring allowance over the threshold have to be disclosed despite confidentiality and non-disclosure agreements?

A: It depends on the terms and date of the confidentiality agreement. The only confidentiality agreements that can prevent disclosure under the legislation are those referred to in section 3(4) and (5) of the act for public sector bodies, and section 2(4) of the act relating to GOA employees.

Section 3(4) prevents the public sector body from disclosing information in respect of which an employee or member has a written contractual right of confidentiality that was acquired prior to November 5, 2015. The confidentiality protection only applies until the earliest of the following:

- December 31, 2017
- The date on which the contractual right of confidentiality expires, and
- The date on which the employee or member waives the right to confidentiality.

Example 10: A public sector body has terminated the employment of an employee over the threshold on August 1, 2015. The body and the employee have agreed to a severance package, and the written agreement contains a clear confidentiality clause protecting the severance from being disclosed. The body must not disclose the severance. However, if the agreement does not protect disclosure of the employee's general salary, then the salary to August 1, 2015 must be disclosed (as long as it is over the threshold).