

TREASURY BOARD DIRECTIVE

TO ALL: MINISTERS
DEPUTY MINISTERS
ASSOCIATE DEPUTY MINISTERS
ASSISTANT DEPUTY MINISTERS, CORPORATE
SERVICES
SENIOR FINANCIAL OFFICERS

DIRECTIVE: 1/04

SUBJECT: Crown Corporations, Agencies, Boards and
Commissions Remuneration Framework, Policy and
Guidelines

AUTHORITY: This directive is issued pursuant to sections 4 and 27
of the *Financial Administration Act*.

APPLICATION: This directive applies to all Crown corporations,
agencies, boards and commissions

POLICY: SEE APPENDIX 1

**REPEAL OF
EXISTING POLICIES:** Treasury Board Directives 9/82 and 1/00

EFFECTIVE DATE: **October 15, 2003**

Original signed by

Gary Collins
Chair, Treasury Board

TREASURY BOARD DIRECTIVE 1/04

APPENDIX 1

**REMUNERATION FRAMEWORK AND POLICY FOR
CROWN CORPORATIONS, AGENCIES, BOARDS AND COMMISSIONS**

1. POLICY OBJECTIVES

The revised policy on remuneration for appointees¹ to Crown corporations, agencies, boards and commissions has the following objectives:

- ensure a consistent and transparent approach to remuneration across all statutory and other Crown corporations, agencies, boards and commissions;
- attract and retain highly-qualified individuals, and ensure that the Crown corporation, agency, board, or commission's interests receive priority attention;
- contain expenditure of public funds within reasonable limits;
- recognize that there is an element of public service in all appointments to Crown corporations, agencies, boards and commissions; and
- allow for sufficient flexibility of the criteria in setting remuneration.

2. PRINCIPLES FOR ESTABLISHING REMUNERATION

The Government of British Columbia's remuneration policy for appointees to Crown corporations, agencies, boards and commissions is based on the following principles:

- in order to ensure that Crown corporations, agencies, boards and commissions are governed well, we need to attract and retain well-qualified appointees;
- for those Crown corporations, agencies, boards and commissions that are commercial in nature, the style and level of remuneration should approximate the market value for the level of skills and knowledge required, subject to a consideration of the element of public service; and
- remuneration for Crown corporations, agencies, boards and commissions should vary based on their size, the scope and impact of board activity, its budget responsibility, level of operational complexity, the required leadership skills and the degree of public service inherent in the appointment.

3. DEFINITIONS

A Crown corporation, agency, board or commission is defined as:

- an organizational unit consisting of one or more appointees with either ongoing or temporary responsibilities, which is formally established by a Minister, or pursuant to a specific British Columbia statute, regulation or Order in Council, and to which one or more members are appointed by, or subject, to the approval of the Lieutenant Governor or Minister.

For the purposes of this policy, remuneration applies to:

¹ The term "appointee(s)" includes director(s), chair(s) and vice chair(s).

- all appointees to Crown corporations, agencies, boards and commissions to which government provides remuneration for fulfilling the conditions of their appointment.

Other than reimbursement for expenses, no remuneration applies to advisory boards. This policy excludes all full-time appointments, which are subject to the requirements set out by the BC Public Service Agency.

This policy does not apply to any Crown corporation, agency, board or commission explicitly excluded by statute.

4. RATING AND CLASSIFICATION FRAMEWORK

This framework applies to all Crown corporations, agencies, boards and commissions, except those explicitly excluded by statute. The four standardized categories detailed below provide uniformity and clarity in the payment of fees and certain annual allowances for part-time appointees to Crown corporations, agencies, boards, and commissions. Crown corporations, agencies, boards and commissions are assessed on the basis of their organizational complexity, and are allocated to particular categories on this basis. Rating and classification of the remuneration for Crown corporations, agencies, boards and commissions involves a weighting of the following components:

Impact of Board Activity	<ul style="list-style-type: none"> <input type="checkbox"/> Strategic importance to the province (i.e., economic / health / breadth of power) <input type="checkbox"/> Legal implications of decisions <input type="checkbox"/> Degree of risk associated with board oversight <input type="checkbox"/> Community sustainability, social or environmental impacts <input type="checkbox"/> Degree to which operations affect public safety
Operational complexity	<ul style="list-style-type: none"> <input type="checkbox"/> Complexity of business operations <input type="checkbox"/> Organizational size/reach <input type="checkbox"/> Degree of commercial aspects to business <input type="checkbox"/> Degree of complexity in the industry being regulated
Fiscal responsibility	<ul style="list-style-type: none"> <input type="checkbox"/> Value of assets managed <input type="checkbox"/> Amount of annual revenue or annual budget allocation <input type="checkbox"/> Accountability for corporate and/or strategic planning <input type="checkbox"/> Approval of operating budgets <input type="checkbox"/> Impacts on government's bottom line <input type="checkbox"/> Ensuring management accountability
Leadership complexity	<ul style="list-style-type: none"> <input type="checkbox"/> Degree of knowledge and/or special / professional skills required

The rating determines the remuneration level.

a. Remuneration Levels

LEVEL	ANNUAL RETAINER CHAIR	ANNUAL RETAINER DIRECTOR	CHAIR & DIRECTORS Per Meeting		
CROWN CORPORATIONS					
1	30,000	15,000	750		
2	15,000	7,500	500		
3	6,000	3,000	300		
ADMINISTRATIVE TRIBUNALS²			CHAIR Per diem	VICE- CHAIR Per diem	DIRECTOR Per diem
4	N/A	N/A	Full-Time	545	430
5	N/A	N/A	525	425	350
AGENCIES, BOARDS AND COMMISSIONS			CHAIR Per diem		Appointee Per Diem
6	NIL	NIL	350		250
7	NIL	NIL	250		175
8	EXPENSES ONLY				

Exceptions to this schedule would include per diem rates for medical doctors. The per diem rate for medical consultants will remain at the current level of \$644.

With the exception of **administrative tribunals**, for each fiscal year the maximum remuneration for appointees to Crown corporations, agencies, boards or commissions will be limited to:

- Chair: Annual Retainer (if applicable) plus 60 meetings per year
- Director: Annual Retainer (if applicable) plus 30 meetings per year

b. Exceptional Circumstances

In exceptional circumstances, a ministry can apply to Treasury Board for per diem remuneration, travel expense reimbursement in excess of the rates established in this policy. Application must be made prior to making an appointment.

In the event that a ministry is having difficulty recruiting due to geographical or professional challenges that impact remuneration, the ministry must present its case to the ABC Remuneration Committee.

² Levels 4 and 5 are administrative tribunals. Remuneration policy for tribunals is defined in Treasury Board Directive 2/04.

5. REMUNERATION POLICIES

There is no requirement that appointees be paid, nor that they be paid at the maximum rates. Where remuneration is provided, it will be made in the following manner:

- a. The level of remuneration for Crown corporations, agencies, boards or commissions will be established by the ABC Remuneration Committee, which will meet at minimum twice a year, or at the call of the Chair, to review any new remuneration proposals.
- b. Remuneration cited is the maximum for each category.
- c. Members of the Legislative Assembly will not generally be eligible for appointment to a Crown corporation, agency, board or commission. In the unusual event that they are appointed, Members of the Legislative Assembly will not receive any additional remuneration beyond the remuneration and rates of reimbursement for travel expenses to which they are entitled by virtue of their position or employment. Travel expenses incurred as a result of their Crown corporation, agency, board or commission duties will be reimbursed by the ministry responsible for the organization, and not by the Crown corporation, agency, board or commission.
- d. Government employees are not generally eligible for an appointment to a Crown corporation, agency, board or commission. Government employees may only be appointed to Crown corporations, agencies, boards or commissions in very rare circumstances, such as a transition to a different delivery model or a wind-up process. Employees who are appointed to a Crown corporation, agency, board or commissions will not receive any additional remuneration beyond the remuneration and rates of reimbursement for travel expenses to which they are entitled by virtue of their position or employment. Travel expenses incurred as a result of their Crown corporation, agency, board or commission duties will be reimbursed by the ministry responsible for the organization, and not by the Crown corporation, agency, board or commission.
- e. Remuneration will only be paid to the person named on the instrument appointing that person to a Crown corporation, agency, board or commission.

6. REMUNERATION REVIEW PROCESS

The ABC Remuneration Committee will review this remuneration policy every three years and report back to Treasury Board for approval on any proposed adjustments. The first review will take place in June 2006.

7. REMUNERATION FOR CATEGORY D APPOINTEES

This policy framework applies solely to the Public Service Agency Category D appointments. Category D appointments are Order In Council or Ministerial appointments made on a per diem or stipend basis for the provision of specialized

consultation or service as and when required. They **are not** employees of the public service. On appointment, all appointees will be assigned as Category D and may be entitled to per diem remuneration and, where applicable, a retainer. The remuneration policies detailed in this section apply solely to Category D employees.

a. Appointees are entitled to receive remuneration as set out herein when conducting formal business of the Crown corporation, agency, board or commission. Remuneration Levels 1 through 3 are entitled to an annual retainer plus a per meeting fee. Remuneration Levels 6 and 7 are entitled to a per diem and Level 8 is entitled to reimbursement of expenses. Remuneration Levels 4 and 5 are administrative tribunals, which are the subject of a separate Treasury Board Directive.

b. Remuneration will be calculated in the following manner:

- i) Appointees attending a meeting of the Crown corporation, agency, board or commission, which lasts four hours or less in a twenty-four hour day will be remunerated at one-half of the established meeting/per diem rate.
- ii) Appointees attending a meeting of the Crown corporation, agency, board, or commission that lasts longer than four hours in a twenty-four hour day will be compensated at the established meeting/per diem rate.
- iii) No distinction will be made between participation in person and participation by video, telephone or such other mode that permits an appointee to hear, and be heard by, all other participants.
- iv) Only one meeting/per diem payment will be paid to any appointee for each twenty-four hour day. This includes individuals who sit on more than one Crown corporation, agency, board or commission, and who are required to attend more than one meeting on a single day.
- v) Appointees who are requested by the Chair to undertake duties on behalf of the Crown corporation, agency, board or commission are entitled to payment at a daily rate equivalent to the meeting/per diem fee:
 - for four hours or less work in a twenty-four hour day, appointees will be entitled to one-half of the meeting/per diem fee
 - for more than four hours of work in a twenty-four hour day, appointees will be entitled to a full meeting/per diem fee
 - appointees will not be compensated for time spent attending conferences, speaking engagements or social events, including meals and receptions.

c. Reimbursement for business travel will be calculated as follows:

- i) There will be no remuneration for travel to and from a meeting of the Crown corporation, agency, board or commission unless incurred by an

appointee who resides more than thirty-two kilometres from the meeting location.

- ii) With the exception of those Crown corporations, agencies, boards or commissions explicitly excluded by statute, all other appointees incurring transportation, accommodation, meal and out of pocket expenses in the course of their duties as members of a Crown corporation, agency, board or commission will be reimbursed in accordance with Group 2 rates, policies and procedures. Rates of reimbursement for travel-related expenses are established by Treasury Board Order 88. Appointees may be reimbursed for up to \$50.00 per day of actual childcare expenses in accordance with Treasury Board Order #253.
- d. Professional dues and membership fees will not be reimbursed.
- e. Category D appointees to Crown corporations, agencies, boards and commissions **are not employees and are not covered by the British Columbia government terms and conditions of employment.** Limited reimbursements and risk management losses are detailed in the Personnel Policy and Procedures Manual for Category D employees. Ministries must ensure that at no time is an employer/employee relationship established.
- f. All Order in Council and ministerial appointees must be indemnified by the Minister of Finance. All other appointees are required to make a special application for indemnification. Procedures for indemnification are outlined under the provisions of the Guarantees and Indemnities Regulation 258/87 of the *Financial Administration Act*.
- g. Appointees are not subject to deductions for the Canada Pension Plan or for Employment Insurance.
- h. Remuneration is to be reported annually to the Canada Customs and Revenue Agency on a T4A Supplementary Slip.

8. CATEGORY C APPOINTMENTS

Category C appointees are employed full-time. These individuals are typically appointed for a specified term ranging from one to five years. Remuneration for Category C appointments is set by the BC Public Service Agency with reference to the public service remuneration plans. In the rare circumstance that a ministry is contemplating a Category C appointment for a Crown corporation, agency, board or commission, consultation must first take place with the ABC Remuneration Committee prior to referring the matter to the BC Public Service Agency for a remuneration review. The BC Public Service Agency will assess each Category C proposal and provide advice on appropriate remuneration.

9. AGENCIES RESPONSIBLE FOR SETTING REMUNERATION

Employment Conditions	OIC Category	Crown corporations, agencies, boards, commissions	Administrative Tribunals (see TBD 2/04)	Example
Full-Time Appointment	C	N/A	BC Public Service Agency	Review Board
Part-Time Appointment	C	N/A	BC Public Service Agency	Hospital Appeal Board
Per Diem Appointment	D	ABC Remuneration Committee	BC Public Service Agency	BC Hydro BC Parole Board Utilities Commission

10. BENEFITS OF MODIFIED FRAMEWORK

It is expected that the following advantages will be gained:

- uniformity across Crown corporations, agencies, boards and commissions;
- standardization and, therefore, control of costs; and
- increased efficiencies gained from the adoption of simplified procedures.