

TREASURY BOARD DIRECTIVE

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

DIRECTIVE: 3/11

SUBJECT: Remuneration Guidelines for Appointees to Crown Agency Boards

AUTHORITY: This Directive is issued pursuant to sections 4 and 27 of the *Financial Administration Act* and other applicable enactments.

APPLICATION: This Directive applies to individuals appointed to all Crown Agency Boards.

POLICY: SEE APPENDIX 1

REPEAL OF EXISTING POLICIES: Treasury Board Directive 2/10

EFFECTIVE DATE: Date signed below



Honourable Colin Hansen
Chair, Treasury Board



Date

TREASURY BOARD DIRECTIVE
APPENDIX 1

**REMUNERATION GUIDELINES
FOR APPOINTEES TO
CROWN AGENCY BOARDS**

1. POLICY OBJECTIVES

- 1.1 Crown Agencies play a vital role in advancing the Government of British Columbia's policy priorities and objectives and in providing valuable public services such as hydro-electric operations, schools, and health and social services. Strengthening Crown Agency governance is an important element of Government's commitment to transparent and accountable government.
- 1.2 Appropriate remuneration for work performed by directors is part of good governance practices. In the public sector, the maximum remuneration level should underscore the importance and professional nature of board work and attract and retain qualified individuals to serve. At the same time, there is underlying recognition that service on the board of a Crown Agency entails an element of public service, varying in degree depending on the nature of the organization.
- 1.3 The policy objectives of the Remuneration Guidelines are to:
 - 1.3.1 Ensure a consistent and transparent approach to remuneration and expense reimbursement for appointees;
 - 1.3.2 Affirm the importance and professional nature of the work that appointees perform;
 - 1.3.3 Establish proportionality of remuneration between Crown Agencies;
 - 1.3.4 Attract and retain highly-qualified individuals to serve as appointees; and
 - 1.3.5 Recognize there is a varying degree of public service in all appointments to Crown Agency boards.

2. DEFINITIONS

"Advisory Board" means those Crown Agency boards (e.g., agency, board, commission, committee, council, etc.) within the Government Reporting Entity that are not separate legal entities (other than administrative tribunals). Advisory Boards generally provide advisory services to Government.

"Appointee" means an individual appointed by the Lieutenant Governor in Council, a Minister Responsible, or another person with delegated authority, to serve on the board of a Crown Agency. The appointee may be designated chair, director, board member, or such equivalent description.

"Appointee Remuneration Committee" means the committee established by Treasury Board to administer these Remuneration Guidelines and classify boards within the Classification Grid.

"Board" means a governing agency, board, commission, committee, council, advisory board, etc. as the case may be.

"Board Committee" means any committee established on a permanent or ongoing basis by the board of a Crown Agency to assist the board in carrying out the board's work.

“Classification Grid” means the grid of six remuneration levels referred to in paragraph 5.8 of these Remuneration Guidelines into which Crown Agency boards may be classified by the Appointee Remuneration Committee depending on the criteria as set out in paragraph 5.1 of these Remuneration Guidelines.

“Crown Agency” means an organization, other than a Ministry, within the Government Reporting Entity that is administered with varying levels of independence from Government. Crown Agencies are within Government’s control under standards defined in the Public Sector Accounting Handbook. The primary test for control is that Government appoints more than 50 percent of the members of Boards of Directors of Crown Agencies. Crown Agencies include: Commercial Crown Corporations, Service Delivery Crown Corporations, SUCH Sector Organizations, Crown Agency Subsidiaries, Advisory Boards and Administrative Tribunals.

“Crown Agency Registry” means the list of all Crown Agencies in British Columbia as maintained by the Crown Agencies Resource Office.

“Crown Agency Subsidiary” means a wholly owned or majority owned subsidiary of a Crown Agency.

“Meeting Fee” means a payment made to an appointee as remuneration for attending a board or board committee meeting. The amount of the Meeting Fees provided is based on the Level in the Classification Grid assigned to the board. If the meeting lasts longer than four hours in a twenty-four hour day, the full Meeting Fee is payable. If the meeting lasts four hours or less in a twenty-four hour day, one-half of the Meeting Fee is payable.

“Per Diem Fee” means an amount equivalent to the relevant Meeting Fee and payable to an appointee in respect of work undertaken by an appointee. Per Diem Fees may also be provided for travel time to and from board business when the destination location for meetings is more than 32 kilometres from the appointee’s residence. Only Level 1 chairs and Level 2 chairs and directors may be eligible for Per Diem Fees. The intention is that time is not remunerated more than once. If a meeting is 3 hours and the travel time is 1 hour, the half day Meeting Fee is sufficient to cover the travel time – in this circumstance, the appointee would not get a half Meeting Fee and a half Per Diem Fee.

“Retainer” means a fixed annual amount payable to an appointee for overall board service including preparation time and travel time. Appointees receiving retainers are not eligible for Per Diem Fees. Retainers are typically paid quarterly in advance.

3. APPLICATION

3.1 These Remuneration Guidelines govern the maximum remuneration and expense reimbursement payable to appointees who serve on the boards of Crown Agencies other than Administrative Tribunals where remuneration is governed by Treasury Board Directive 2/11.

3.2 The criteria used to determine whether a Crown Agency board falls within the scope of application of these Remuneration Guidelines are:

3.2.1 Provincial Government appoints more than fifty percent of the members on the board.

- 3.2.2 The organization is within the Government Reporting Entity.
- 3.2.3 The board is operating within an area of direct and active interest of the Provincial Government. (This is an overarching criterion.)
- 3.3 Classification determinations under these Remuneration Guidelines are made by the Appointee Remuneration Committee. Treasury Board may provide direction to the Appointee Remuneration Committee to grant exceptions to the Remuneration Guidelines.
- 3.4 Unless remuneration has been determined by the Appointee Remuneration Committee, appointees are entitled only to reimbursement for expenses in accordance with section 7 of these Remuneration Guidelines.
- 3.5 Upon application by the Minister Responsible, or another person with delegated authority, the Appointee Remuneration Committee may:
 - 3.5.1 Classify a new, or re-classify an existing, Crown Agency board on the Classification Grid; or
 - 3.5.2 Approve remuneration exceptions to Level 1 advisory boards up to a Level 2 equivalent. The criteria used to determine an exception are:
 - 3.5.2.1 Time-commitment;
 - 3.5.2.2 Level of expertise required of the board members; and
 - 3.5.2.3 Significance of impact of the advice provided.
- 3.6 The Minister Responsible, or another person with delegated authority, must apply to the Appointee Remuneration Committee for a classification determination under these Remuneration Guidelines when:
 - 3.6.1 A new Crown Agency is being established;
 - 3.6.2 There is a proposed permanent change to a Crown Agency mandate; or
 - 3.6.3 There is an extraordinary circumstance where a board or its chair is required to contribute time over and above the 'ordinary' expected commitment and a special time-limited remuneration arrangement is being sought. The Appointee Remuneration Committee will expedite the application to Treasury Board.

4. ROLES AND RESPONSIBILITIES

- 4.1 **Treasury Board** establishes the Remuneration Guidelines and may direct the Appointee Remuneration Committee to make exceptions to the Remuneration Guidelines.
 - 4.1.1 **Treasury Board Staff** informs the Appointee Remuneration Committee of the decisions and reasons of Treasury Board concerning requests for exceptions to these Remuneration Guidelines or appeals of classification decisions of the Appointee Remuneration Committee.
- 4.2 **The Appointee Remuneration Committee**
 - 4.2.1 Makes classification determinations under these Remuneration Guidelines as specified in paragraph 3.5 of these Remuneration Guidelines;

- 4.2.2 Meets at the call of the Appointee Remuneration Committee chair;
 - 4.2.3 Maintains and makes available publicly on the Public Sector Employers' Council Secretariat website, these Remuneration Guidelines, lists of the boards by classification level, links to other relevant provisions such as the Terms and Conditions of Employment for Excluded Employees / Appointees, and other relevant documents and information;
 - 4.2.4 May post a single remuneration disclosure document on the Public Sector Employers' Council Secretariat website on a date set by the Appointee Remuneration Committee each year; and
 - 4.2.5 Reviews these Remuneration Guidelines and makes recommendations to Treasury Board for review and revision of these Remuneration Guidelines as required.
- 4.3 The Minister Responsible, or another person with delegated authority**
- 4.3.1 Makes applications to the Appointee Remuneration Committee for his/her portfolio of Crown Agencies as specified in paragraph 3.6 of these Remuneration Guidelines;
 - 4.3.2 May limit the amount of a Meeting Fee or Per Diem Fee below that permitted in paragraph 5.8 of these Remuneration Guidelines for appointees to a board in his/her portfolio of Crown Agencies;
 - 4.3.3 May limit the number of meetings below that permitted in paragraph 5.9 of these Remuneration Guidelines for appointees to a board in his/her portfolio of Crown Agencies;
 - 4.3.4 Ensures the remuneration payable to appointees is in accordance with these Remuneration Guidelines and the classification determinations of the Appointee Remuneration Committee;
 - 4.3.5 Provides actual remuneration information to the Public Sector Employers' Council Secretariat by a date set by the Appointee Remuneration Committee. Makes available on the ministry website, if there is no agency or board website, by a date set by the Appointee Remuneration Committee each year, the actual amount of compensation paid to appointees and the number of meetings attended subject to the maximum permitted under the Classification Grid in paragraph 5.8 of these Remuneration Guidelines and according to the classification determination of the Appointee Remuneration Committee;
 - 4.3.6 May request a reconsideration of a classification determination if he/she is not satisfied with the decision of the Appointee Remuneration Committee. The request for reconsideration must set out the reasons for the request and provide supporting documentation.
 - 4.3.7 May seek a further reconsideration by Treasury Board of a classification determination if the decision of the Appointee Remuneration Committee, upon reconsideration, does not meet the Minister's expectations. If this action is taken, the Minister must:
 - 4.3.7.1 Inform the Appointee Remuneration Committee of the action;
 - 4.3.7.2 Include in its submission to Treasury Board a statement on the request from the Appointee Remuneration Committee; and,

- 4.3.8 Notifies the Appointee Remuneration Committee and the Crown Agencies Resource Office when a new Crown Agency is created, regardless of whether its appointees receive remuneration, and when any other changes are required to the Crown Agency Registry.

4.4 **The Crown Agency**

- 4.4.1 Administers the remuneration, benefits, and expenses payable to appointees:
- 4.4.1.1 In accordance with these Remuneration Guidelines;
 - 4.4.1.2 Within the maximum amount payable under the Classification Grid at paragraph 5.8 of these Remuneration Guidelines;
 - 4.4.1.3 In accordance with the classification determination of the Appointee Remuneration Committee; and,
 - 4.4.1.4 In accordance with any determinations of the Minister Responsible, or another person with delegated authority, if it is elected to limit remuneration to an amount lower than that provided for in the Classification Grid as per sections 4.3.2 and 4.3.3 of these Remuneration Guidelines.
- 4.4.2 Ensures actual amount of compensation paid to appointees and the number of meetings attended is provided to the Minister Responsible, or another person with delegated authority, and is publicly available on the board, Crown Agency or ministry website by a date set by the Appointee Remuneration Committee each year.

- 4.5 **The Board Chair** oversees the remuneration paid, benefits provided, and expenses paid to appointees in accordance with paragraph 4.4.1 of these Remuneration Guidelines.

- 4.6 **The Public Sector Employers' Council Secretariat** acts as the secretariat to the Appointee Remuneration Committee and ensures remuneration and classification information (including these Remuneration Guidelines, lists of boards by classification level, links to other relevant provisions such as the Terms and Conditions of Employment for Excluded Employees / Appointees, and other relevant documents and information) is publicly available.

- 4.7 **The Crown Agencies Resource Office** maintains the Crown Agency Registry.

5. **REMUNERATION FRAMEWORK**

- 5.1 Upon application by the Minister Responsible, or another person with delegated authority, for a Crown Agency, or upon its own initiative, the Appointee Remuneration Committee will classify a Crown Agency board into one of six levels in accordance with the Classification Grid set out below at paragraph 5.8 of these Remuneration Guidelines. In determining the classification of each Crown Agency board to an appropriate level, the Appointee Remuneration Committee shall consider the following criteria (no one criterion will be determinative, but the general expectation will be that advisory boards will be classified as Level 1):

- 5.1.1 The type of Crown Agency (commercial, service delivery or advisory board);

- 5.1.2 The complexity of the service provided (provide advice or produce a product; provide a service or deliver a program; direct agents or manage contracts; coordinate service or program delivery);
 - 5.1.3 The size and complexity of the operation (budget; multiple lines of business; organizational structure; geographical representation);
 - 5.1.4 The degree of knowledge and specialized skills required; and,
 - 5.1.5 The Crown Agency's strategic importance to the Province (financial policy, social policy, economic policy, and infrastructure).
- 5.2 **There is no requirement that appointees be paid, nor that they be paid at maximum rates.** Appointees to each Crown Agency board may not be paid remuneration in excess of the maximum remuneration specified for the Level at which the applicable Crown Agency board is classified.
- 5.3 **Advisory Board Appointees**, other than the chair, do not receive any form of remuneration (Retainers, Meeting Fees or Per Diem Fees). They are eligible for reimbursement for expenses in accordance with section 7 of these Remuneration Guidelines.
- 5.4 **Advisory Board Chairs** may be eligible for Meeting Fees and Per Diem Fees at the discretion of the Minister Responsible, or another person with delegated authority, and in accordance with sections 4 and 5 of these Remuneration Guidelines. Advisory Board chairs are eligible for reimbursement for expenses in accordance with section 7 of these Remuneration Guidelines.
- 5.5 **Level 2 Appointees** are eligible for Meeting Fees and per Diem Fees in accordance with sections 4 and 5 of these Remuneration Guidelines and at the discretion of the Minister Responsible, or another person with delegated authority. Level 2 appointees are eligible for reimbursement for expenses in accordance with section 7 of these Remuneration Guidelines.
- 5.6 **Appointees in receipt of a Retainer** are not eligible for Per Diem Fees. They are eligible for reimbursement for expenses in accordance with section 7 of these Remuneration Guidelines.
- 5.7 **Crown Agency Subsidiary board Appointees**
- 5.7.1 Appointees are not entitled to additional remuneration for time spent on business of the Crown Agency Subsidiary unless:
 - 5.7.1.1 The subsidiary operates as a stand-alone operating entity and the additional time requirements of appointees are significant; and
 - 5.7.1.2 The remuneration in respect of the Crown Agency Subsidiary board has been approved in advance by the Appointee Remuneration Committee.
 - 5.7.2 In determining remuneration payable for appointees to Crown Agency Subsidiaries, the Appointee Remuneration Committee will assign the Crown Agency Subsidiary board to a specific Level in the Classification Grid at paragraph 5.8 of these Remuneration Guidelines. Remuneration payable in

respect of a Crown Agency Subsidiary board generally would not be higher than the remuneration paid in respect of the Crown Agency parent board.

- 5.7.3 Appointees to Crown Agency Subsidiaries are eligible for reimbursement for expenses in accordance with section 7 of these Remuneration Guidelines.

5.8 Classification Grid:

Maximum Remuneration	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
Retainer – Chair	0	0	6,000	15,000	15,000	30,000
Retainer – Director	0	0	3,000	7,500	7,500	15,000
Retainer – Audit Cttee Chair	0	0	2,000	3,000	5,000	5,000
Retainer Other Cttee Chair	0	0	1,000	2,000	3,000	3,000
Meeting Fee – Chair	350	350	300	500	500	750
Meeting Fee – Director	0	250	300	500	500	750

Level 1 - Advisory Boards

Level 2 - Small Service Delivery Crown Corporations

- Decision Making Boards (not a separate legal entity)

- Other Boards with Service/Program Responsibilities (not a separate legal entity)

Level 3 - Mid-size Service Delivery Crown Corporations

Level 4 - Smaller Commercial and Major Service Delivery Crown Corporations

Level 5 - Health Authorities and Large Commercial Crown Corporations

Level 6 - Major Commercial Crown Corporations

5.9 The maximum number of Meeting Fees is limited as follows:

5.9.1 For appointees on boards classified into Levels 2, 3, 4, 5, 6, other than the chairs – 30 meetings per year;

5.9.2 For chairs on boards classified into Levels 2, 3, 4, 5, 6 – 60 meetings per year;

5.9.3 For chairs on Advisory Board – 18 meetings per year.

5.10 Only one Meeting Fee will be paid to any appointee for each twenty-four hour day in respect of work carried out for a Crown Agency board. An appointee may receive additional remuneration during the same day in respect of work carried out for another Crown Agency.

5.11 **Per Diem Fees** are equivalent to the relevant Meeting Fee in each Level. Only Level 1 chairs and Level 2 chairs and directors may be eligible for Per Diem Fees. The intention is that time is not remunerated more than once. If a meeting is 3 hours and the travel time is 1 hour, the half day Meeting Fee is sufficient to cover the travel time – in this circumstance, the appointee would not get a half Meeting Fee and a half Per Diem Fee.

5.11.1 A Per Diem Fee may be provided to an appointee to a board if the appointee is requested by the board chair to conduct specific business or to attend a specific function or speaking engagement on behalf of the board, or for travel time undertaken in the course of his or her duties as a member of a Crown Agency board if the appointee resides more than 32 kilometres from the

meeting destination location and in accordance with sections 5 and 6 of these Remuneration Guidelines.

5.11.2 Per Diem Fees are not provided for social functions, even when provided as part of a meeting or business function or an educational function.

5.12 In extraordinary circumstances, the Minister Responsible, or another person with delegated authority, may make application to the Appointee Remuneration Committee for special time-limited remuneration arrangements if the Minister Responsible or another person with delegated authority requires the board of a Crown Agency to contribute time over and above the "ordinary" commitment expected of them (e.g., the board is involved in establishing a new company, restructuring or a major strategic initiative). The Appointee Remuneration Committee may approve special remuneration arrangements in respect of that board for a limited period of time. This may include, among other things, authorizing additional meeting fees above the permissible limit outlined in paragraph 5.9 of these Remuneration Guidelines to be paid to appointees or on a time-limited basis temporarily classifying the board at a different Level.

6. ADDITIONAL REMUNERATION PAYMENT GUIDELINES

6.1 Appointees who receive remuneration in respect of their membership on a Crown Agency board from a source outside government (e.g., industry) shall not receive any additional remuneration under these Remuneration Guidelines.

6.2 Members of the Legislative Assembly are not generally eligible for appointment to a Crown Agency board. 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 Agency board duties will be reimbursed by the ministry responsible for the organization, and not by the Crown Agency board.

6.3 Government employees are not generally eligible for appointment to a Crown Agency board. Government employees may only be appointed in limited instances such as periods of transition (e.g., start-up and wind-down) and for limited purpose entities established for a limited term. Employees who are appointed to a Crown Agency board as part of their employment 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 Agency board duties will be reimbursed by the ministry responsible for the organization, and not by the Crown Agency board.

6.4 An employee of a Crown Agency, in his or her individual capacity, may on occasion be appointed to the board of another Crown Agency whose mandate and operations are wholly unrelated to the appointee's Crown Agency employer. In such circumstances, and provided that the appointee is appointed in his or her individual capacity, the appointee shall be entitled to remuneration and expenses in accordance with these Remuneration Guidelines.

6.5 Remuneration will be paid only to the person named on the instrument appointing that person to a Crown Agency board.

- 6.6 Appointees to Crown Agency boards are not employees and are not covered by the British Columbia Government Terms and Conditions of Employment for Excluded Employees / Appointees. Limited reimbursements and risk management losses are detailed in Part 10 of the Terms and Conditions for Category D appointees. See http://www.bcpublicserviceagency.gov.bc.ca/policy/terms_conditions/index.htm. Ministers Responsible must ensure that at no time is an employer/employee relationship established.
- 6.7 Appointees are not subject to deductions for the Canada Pension Plan or for Employment Insurance.
- 6.8 Remuneration paid to appointees is reported annually to the Canada Revenue Agency on a T4A Supplementary Slip.

7. BUSINESS TRAVEL AND EXPENSE REIMBURSEMENT GUIDELINES

- 7.1 Appointees incurring transportation, accommodation, meal and out of pocket expenses in the course of their duties as members of a Crown Agency board will be reimbursed in accordance with Group 2 rates, policies, and procedures as outlined in the Terms and Conditions of Employment for Excluded Employees / Appointees, Part 6, Section 39. See http://www.bcpublicserviceagency.gov.bc.ca/policy/terms_conditions/index.htm.
- 7.2 Appointees will not be reimbursed for professional dues or membership fees.

8. TRANSITION FROM TREASURY BOARD DIRECTIVE 1/08

- 8.1 These Remuneration Guidelines become effective on April 1, 2010 at which time the Appointee Remuneration Committee will notify each Minister in writing of the changes in these Remuneration Guidelines.
- 8.2 Appointees whose remuneration exceeds the amount authorized in these Remuneration Guidelines will continue to receive remuneration at their current rate until their appointments are renewed or renegotiated. Remuneration for new appointees or appointees who are renewed after the effective date of these Remuneration Guidelines will be set in accordance with these Remuneration Guidelines.

9. FINANCING

There is no requirement to pay appointees the maximum provided for at the different remuneration Levels. Any increases in the amount of remuneration payable to appointees under these Remuneration Guidelines shall be funded from existing budgets.

10. REVIEW

The Appointee Remuneration Committee will review the Remuneration Guidelines as it sees fit, and at a minimum every three years, and submit to Treasury Board a request for approval of any proposed adjustments. The next regularly scheduled review will be undertaken in 2013.