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Addressed to the Chief Executive Officers
of all Public Sector Employers (*by Distribution List*)

Re: Executive Compensation Disclosure

I am pleased to inform you that legislation has passed amending the *Public Sector Employers Act* to enable the provincial public sector to move to best practices with regards to executive compensation. This improved transparency is an important element of board accountability and best governance practices.

The *Public Sector Employers Act* requires that the Chief Executive Officer of PSEC determine the form and manner of the reporting. I have attached a copy of the "Public Sector Executive Compensation Reporting Guidelines – Statement of Executive Compensation" which sets out the form and manner of reporting. A copy of this document can also be found on the Ministry of Finance web site. Please follow the PSEC links at: www.fin.gov.bc.ca/psec

I would like to take this opportunity to thank the employers' associations who worked with PSEC staff to develop the "Public Sector Executive Compensation Reporting Guidelines – Statement of Executive Compensation". Their assistance was invaluable.

The significant improvement to reporting requirements is the ability for organizations to go beyond reporting "what" they paid, to creating the opportunity to explain "why" their executive compensation is structured the way it is. The other significant change is the requirement for organizations to annually post executive compensation disclosure on the organization's publicly accessible website. The amendments to the *Public Sector Employers Act* also enable the chief executive officer of the Public Sector Employers Council Secretariat to publish the "Statements of Executive Compensation".

For the first year of reporting, public sector organizations will need to report executive compensation for their last year end, to the Public Sector Employers' Council no later than June 30, 2008. For the first year only, PSEC is requesting that employers **do not** post their "Statements of Executive Compensation" until after PSEC has posted all the "Statements of Executive Compensation" on the Ministry website. We anticipate that PSEC will post the

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Ministry of
Finance

Public Sector
Employers' Council
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statements around the release of Government's Public Accounts, which is currently anticipated to be around the middle of July 2008. PSEC will work with the employers' associations to keep you informed of the timing of the release.

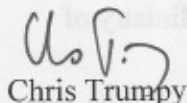
As the School Boards have a June 30th year end, they will not need to report until August 30, 2008.

Thereafter, public sector employers will include the statement of executive compensation in the organization's annual statement of financial information.

The employers' associations are a valuable resource for public sector employers working through the "Statement of Executive Compensation", and will assist in co-ordinating employers within each of the sectors. I understand that the employers' associations will be communicating with you directly. I have attached contact information for each of the employers' associations.

It is important to note that while the "Statement of Executive Compensation" applies to all Superintendents (regardless of their compensation) and to executives earning a base salary of \$125,000 or more, employers will still need to meet the existing reporting requirements for senior employees and reporting requirements contained in the *Financial Information Act*. Again, if assistance is required, please consult your employers' association.

Sincerely,



Chris Trumpy
Deputy Minister, Finance and
Chief Executive Officer, PSEC Secretariat

Attachments

- pc: BC Public School Employers' Association
BC Public Service Agency
Community Social Services Employers' Association
Crown Corporations Employers' Association
Health Employers Association of British Columbia
Post-Secondary Employers' Association
University Public Sector Employers' Association