

**TREASURY BOARD DIRECTIVE**

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

**DIRECTIVE:** 1/08

**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 1/04

**EFFECTIVE DATE:** April 1, 2007

*Original signed by*

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Rick Thorpe  
Acting Chair, Treasury Board

**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 the 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:
  - ensure a consistent and transparent approach to remuneration and expense reimbursement for appointees;
  - affirm the importance and professional nature of the work that appointees perform;
  - establish proportionality of remuneration between Crown Agencies;
  - attract and retain highly-qualified individuals to serve as appointees; and
  - recognize that there is a varying degree of public service in all appointments to Crown Agencies.

## 2. DEFINITIONS

**“Advisory Board”** means those Crown Agencies (e.g., agency, board, commission, 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 or a Minister Responsible 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 determine amounts of remuneration payable to appointees under the Remuneration Guidelines.

**“Board”** means a governing board, council or advisory board, 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 levels referred to in paragraph 5.4 of the Remuneration Guidelines into which Crown Agencies may be classified by the Appointee

Remuneration Committee depending on the criteria in paragraph 5.1 of the 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, Advisory Boards and Administrative Tribunals.

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

**“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. 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 Crown Agency’s assigned meeting fee and payable to an appointee in respect of work undertaken by an appointee on behalf of the Crown Agency’s board at the direction of the Crown Agency’s board chair and/or travel time to and from board business when the destination location is more than 32 kilometres from the appointee’s residence.

**“Retainer”** means a fixed annual amount payable to an appointee for overall board service including preparation time and travel time. Retainers are typically paid quarterly in advance.

### **3. APPLICATION**

- 3.1. The Remuneration Guidelines govern the maximum remuneration and expense reimbursement payable to appointees who serve on the boards of Crown Agencies other than:
  - 3.1.1. Administrative Tribunals (where remuneration is governed by Treasury Board Directive 2/07);
  - 3.1.2. School Boards (where remuneration is determined by the School Board pursuant to the *School Act*);
  - 3.1.3. Colleges, Institutes and Universities; and
  - 3.1.4. Local hospitals.
- 3.2. The following Crown Agencies are covered by these Remuneration Guidelines: Crown Corporations, Health Authorities and Advisory Boards.

- 3.3. Determinations under the 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 paragraphs 7.1 and 7.2 of these Remuneration Guidelines.
- 3.5. Upon application by the Minister Responsible, the Appointee Remuneration Committee may:
  - 3.5.1. classify or re-classify a Crown Agency or a Crown Agency Subsidiary on the Classification Grid; or
  - 3.5.2. make a special remuneration arrangement for a limited period of time if the Minister Responsible requires the board to contribute time over and above the “ordinary” commitment expected of them.
- 3.6. The Minister Responsible should apply to the Appointee Remuneration Committee for a determination under the Remuneration Guidelines when:
  - 3.6.1. a new Crown Agency is being established; or
  - 3.6.2. there is a proposed change to a Crown Agency’s classification or a special remuneration arrangement is sought; or
  - 3.6.3. remuneration is sought in respect of a Crown Agency Subsidiary.

#### **4. ROLES AND RESPONSIBILITIES**

The roles and responsibilities with respect to these Guidelines are:

- 4.1. **Treasury Board** establishes the Remuneration Guidelines and may direct the Appointee Remuneration Committee to make exceptions to the Remuneration Guidelines.
- 4.2. The **Appointee Remuneration Committee**
  - (a) makes determinations under the Remuneration Guidelines per paragraph 3.5 of these Remuneration Guidelines;
  - (b) meets at the call of the Appointee Remuneration Committee Chair;

- (c) maintains and makes available publicly on the PSEC website, a list of the maximum remuneration amounts to which all Crown Agencies are entitled pursuant to these Remuneration Guidelines; and
- (d) reviews the Remuneration Guidelines and makes recommendations to Treasury Board for review and revision of the Remuneration Guidelines as required.

4.3. The **Minister Responsible**

- (a) makes applications as specified in paragraph 3.6 of these Remuneration Guidelines to the Appointee Remuneration Committee for his/her portfolio of Crown Agencies;
- (b) may approve remuneration of up to a \$350 per diem for the Chair of an Advisory Board in his/her portfolio of Crown Agencies;
- (c) may limit the number of per diem payments that may be made in respect of an Advisory Board in his/her portfolio below that permitted in paragraph 6.5 of these Remuneration Guidelines;
- (d) ensures the remuneration payable to appointees is in accordance with these Remuneration Guidelines and the classification determinations of the Appointee Remuneration Committee;
- (e) reports to the Appointee Remuneration Committee, the actual amount of compensation payable to appointees subject to the maximum permitted under the Classification Grid according to the classification determination of the Appointee Remuneration Committee;
- (f) may request a reconsideration of the matter if a he or 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 any supporting documentation. The Appointee Remuneration Committee's decision on classification on a reconsideration is final. This does not preclude the Minister from re-applying to the Appointee Remuneration Committee if there is a material change in circumstances;
- (g) notifies the Appointee Remuneration Committee and the Crown Agencies Secretariat when a new Crown Agency is created, regardless of whether or not its appointees receive remuneration, and when any other changes are required to the Crown Agency Registry.

4.4. The **Crown Agency** administers the remuneration payable to appointees in accordance with these Remuneration Guidelines and within the maximum amount payable under the Classification Grid according to the determination of the Appointee Remuneration Committee. The Crown Agency ensures remuneration and classification information is provided to the Minister Responsible and is publicly available.

- 4.5. The **Board Chair** oversees the remuneration paid to board members in accordance with the classification determination of the Appointee Remuneration Committee and these Remuneration Guidelines and within the maximum amount payable under the applicable Classification Level.
- 4.6. The **Public Sector Employer's Council** acts as the Secretariat to the Appointee Remuneration Committee and ensures remuneration and classification information is publicly available.
- 4.7. The **Crown Agencies Secretariat** maintains the Crown Agency Registry.

## **5. REMUNERATION FRAMEWORK**

### **Crown Agencies – General**

- 5.1. Upon application by the Minister Responsible for a Crown Agency, or upon its own initiative, the Appointee Remuneration Committee will classify a Crown Agency into one of six levels in accordance with the Classification Grid set out below. In determining the classification of each Crown Agency to an appropriate level, the Appointee Remuneration Committee shall consider the following criteria:
  - the type of Crown Agency (commercial, service delivery or advisory board);
  - the size and complexity of the operation;
  - the Crown Agency's strategic importance to the Province; and
  - the degree of knowledge and specialized skills required.
- 5.2. There is no requirement that appointees be paid, nor that they be paid at maximum rates. Appointees to each Crown Agency shall be paid remuneration up to the maximum specified for the level at which the applicable Crown Agency is classified.
- 5.3. Other than reimbursement for expenses, no remuneration applies to advisory board members except advisory board Chairs who may be eligible for a per diem payment of up to \$350 at the discretion of the Minister Responsible.
- 5.4. Classification Grid:  
  
Level 1 - Advisory Boards  
Level 2 - Small Service Delivery Crown Corporations  
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

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

- 5.5 In extraordinary circumstances, the Minister Responsible may make application to the Appointee Remuneration Committee for special time-limited remuneration arrangements if the Minister Responsible 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 make special remuneration arrangements in respect of that Crown Agency for a limited period of time. This may include, among other things, authorizing additional meeting fees above the permissible limit outlined in Section 6.5 to be paid to the directors or on a time-limited basis temporarily classifying the Crown Agency at a higher level.

### Crown Agency Subsidiaries

- 5.6. Appointees serving as directors on Crown Agency Subsidiary boards:
- 5.6.1. who incur transportation, accommodation, meal and out of pocket expenses in the course of their duties as members of a Crown Agency Subsidiary board will be reimbursed in accordance with paragraphs 7.1 and 7.2 of these Remuneration Guidelines;
  - 5.6.2. are not entitled to additional remuneration for time spent on business of the Crown Agency Subsidiary unless:
    - a. the subsidiary operates as a stand-alone operating entity and the additional time requirements of board members are significant; and
    - b. the remuneration in respect of the Crown Agency Subsidiary has been approved in advance by the Appointee Remuneration Committee.
  - 5.6.3. In determining the amount of remuneration payable for members of a Crown Agency Subsidiary board, the Appointee Remuneration Committee will assign the Crown Agency Subsidiary to a specific level in the Classification Grid. Remuneration payable in respect of a Crown Agency Subsidiary generally would not be higher than the remuneration paid in respect of the Crown Agency parent board.

## **6. REMUNERATION PAYMENT GUIDELINES**

**The remuneration rates set out in these Remuneration Guidelines represent the maximum amount payable at the different levels. There is no requirement the maximum be paid.**

- 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. 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. An appointee may receive additional remuneration during the same day in respect of work carried out for another Crown Agency or a Crown Agency Subsidiary.
- 6.3. If a director is requested by the Board Chair to conduct specific business on behalf of the board or attend a specific function or speaking engagement on behalf of the board, other than educational or social functions, the Board Chair may authorize a per diem fee to the director equivalent to the Crown Agency's applicable meeting fee.
- 6.4. Directors are not entitled to remuneration for time spent attending educational or social events although directors will be reimbursed for expenses incurred in connection with relevant professional development opportunities (e.g., conference fees and associated travel, meal expenses, etc.). All such expense reimbursement must be authorized in advance by the Board Chair.
- 6.5. Unless specifically authorized by the Appointee Remuneration Committee in advance, for each fiscal year the maximum remuneration payable to appointees of Crown Agencies for Levels 2, 3, 4, 5 and 6 will be limited to:

- ❑ Chair: Annual Retainer (if applicable) plus 60 meeting fees per year
- ❑ Director: Annual Retainer (if applicable) plus 30 meeting fees per year

The maximum stated above does not include the additional remuneration a director may receive in respect of his or her work on a Crown Agency Subsidiary board or additional work carried out at the request of the Board Chair.

Unless a lower limit is set by the Minister Responsible, the maximum remuneration payable to appointees of Advisory Boards will be limited to:

- ❑ Chair: Annual Retainer (if applicable) plus 18 meeting fees per year
- ❑ Director: Annual Retainer (if applicable) plus 12 meeting fees per year

- 6.6. Members of the Legislative Assembly are not generally eligible for appointment to a Crown Agency or Crown Agency Subsidiary 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 or Crown Agency Subsidiary board duties will

- be reimbursed by the ministry responsible for the organization, and not by the Crown Agency or Crown Agency Subsidiary.
- 6.7. Government employees are not generally eligible for appointment to a Crown Agency or Crown Agency Subsidiary 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 or Crown Agency Subsidiary 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 or Crown Agency Subsidiary board duties will be reimbursed by the ministry responsible for the organization, and not by the Crown Agency or Crown Agency Subsidiary.
  - 6.8. 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 in accordance with these Remuneration Guidelines.
  - 6.9. Remuneration will be paid only to the person named on the instrument appointing that person to a Crown Agency.
  - 6.10. Appointees to Crown Agency boards 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 appointees. Ministries must ensure that at no time is an employer/employee relationship established.
  - 6.11. Appointees are not subject to deductions for the Canada Pension Plan or for Employment Insurance.
  - 6.12. 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. An appointee will only receive remuneration in respect of 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 destination location.

- 7.2. 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 II rates, policies and procedures. Rates of reimbursement for travel-related expenses are established by *Public Service Act* Directive 4.6.
- 7.3. Appointees will not be reimbursed for professional dues or membership fees.

## **8. TRANSITION FROM TREASURY BOARD DIRECTIVE 1/04**

- 8.1. These Remuneration Guidelines become effective on April 1, 2007 at which time the Appointee Classification Committee will notify each Minister in writing of the level to which the Crown Agencies in his or her portfolio have been classified.
- 8.2. Appointees whose remuneration exceeds the amount authorized in the Remuneration Guidelines will continue to receive remuneration at their current rates 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 the Guidelines.

## **9. FINANCING**

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

## **10. REVIEW**

- 10.1. 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 is September 2009.