

British Columbia Crown Corporations Executive Compensation Arrangements: A Work in Progress

Released: [November 2009](#)

1st Follow-up: [September 2010](#)

2nd Follow-up: [April 2011](#)

Discussed by the Public Accounts Committee: [June 2010 Transcript](#)

Self-assessment conducted by the Public Sector Employers' Council

Those items cited in the last progress report as 'fully or substantially implemented' have now been applied in the 2009/10 disclosure of executive compensation and has been assessed by PSEC as having been successful and improved either transparency or administrative processes. They have been adopted as standard practice. As well, progress has continued on those recommendations described as "partially implemented" (see below).

Recommendations

RECOMMENDATIONS ADDRESSED IN PREVIOUS FOLLOW-UP REPORT(S)	SELF-ASSESSED STATUS
Recommendation 1: Government ensure appropriate mechanisms are in place to resolve executive compensation issues with Crown corporations.	Fully or substantially implemented
Recommendation 2: Government improve its compensation proposal submission and approval requirements and maintain a formal record of all decisions made.	Alternative action taken
Recommendation 3: Government put adequate monitoring systems in place to ensure compensation plans are followed as approved.	Fully or substantially implemented
Recommendation 6: Government require Crown corporations that offer performance-related pay as part of executive compensation to clearly demonstrate and document the link between performance payments and actual performance.	Fully or substantially implemented
Recommendation 7: The information included in public disclosures of Crown corporation executive compensation be reviewed by the Public Sector Employers' Council Secretariat to ensure the information complies with reporting guidelines	Fully or substantially implemented
Recommendation 8: The Chair of Crown corporation boards sign executive compensation disclosure statements, providing assurance that executive payments are in accordance with board-approved compensation plans.	Fully or substantially implemented

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Outstanding Recommendations

RECOMMENDATION AND SUMMARY OF PROGRESS	SELF-ASSESSED STATUS
<p>Recommendation 4: Crown corporations offering performance-related pay as part of executive compensation conduct periodic reviews to ensure these programs continue to achieve intended objectives.</p> <p>Actions taken, results and/or actions planned</p> <p>The Public Sector Employers' Council Secretariat has raised the profile of this recommendation with boards and, whenever it interacts with an employer on a related matter such as a contract extension or a compensation plan for a new executive, it emphasizes this practice. Available evidence suggests that this recommendation has been taken seriously by those public sector employers using performance-related pay.</p> <p>Guidelines on appropriate circumstances to employ performance-related pay and considerations in developing such a program are available on the PSEC web-site.</p> <p>The Crown Corporations Employers' Association is currently arranging training on the subject of performance-based pay for its members.</p> <p>It is reasonable to consider this recommendation as "fully or substantially implemented".</p>	<p>Fully or substantially implemented</p>
<p>Recommendation 5: Crown corporations offering performance-related pay as part of executive compensation develop performance measures that reflect the corporation's long and short-term objectives, and include measures that promote team and corporate results.</p> <p>Actions taken, results and/or actions planned</p> <p>As with Recommendation #4, PSEC has raised the profile of this recommendation with boards and, whenever it interacts with an employer on a related matter, it emphasizes this practice. As well, now that performance measures linked to performance pay are part of the annual disclosure of compensation (Recommendation #6), this subject is raised annually for all public sector employers where it is used. Available evidence suggests that this recommendation has been taken seriously.</p> <p>The PSEC guidelines on performance-related pay address the issue of long and short term objectives specifically.</p> <p>The Crown Corporations Employers' Association training in this area will address this specific dimension of the issue.</p> <p>This recommendation "fully or substantially implemented".</p>	<p>Fully or substantially implemented</p>