

**Subject: Public Sector Compensation Transparency Act****APPROVALS:**

Terry Hartley, Director  
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**Administrative Recommendation:**

THAT the Municipality publish a “sunshine list” for disclosure of employee compensation consisting of a list of positions and associated salary ranges.

**Summary:**

The *Public Sector Compensation Transparency Act* enables municipalities to disclose individual employee compensation. As a result, Council has options with respect to the production of a “sunshine list.” Should Council be inclined to produce such a list, it will need to select an approach and identify any parameters. This report sets out alternatives for consideration.

**Background:**

The *Public Sector Compensation Transparency Act* (“Act”) was enacted into law by the Government of Alberta on December 11, 2015. The Act requires public disclosure of compensation paid to a variety of public sector employees (e.g. provincial government employees, employees of certain public sector agencies) whose base salary or severance is above a set threshold. The publication of this information (commonly known as a “sunshine list”) is subject to certain exceptions, some of which are time-limited. Prior to the Act, municipalities were already required by the *Municipal Government Act* to disclose the salaries of the Mayor, Councillors, Chief Administrative Officer and designated officer(s) of the Municipality.

One section of the legislation deals specifically with municipalities. Instead of prescribing the parameters of disclosure (as is done with other kinds of public sector employees under this statute) the section essentially allows each municipality to decide the “form and manner and . . . extent” (if any) to which it will disclose to the public the names, positions, and remuneration paid to its employees. The potential reach of such disclosure at the municipal level is very broad (extending to all employees regardless of their salary level, or whether they are unionized or exempt). The disclosure would over-ride any contractual right of confidentiality that an employee may have, either in an individual employment contract or a collective agreement, unless that contractual right arises after the municipality enacts its “sunshine bylaw.” The Municipality’s broad right to disclose this kind of information under the *Public Sector Compensation Transparency Act* over-rides the *Freedom of Information and Protection of Privacy Act* which would otherwise prohibit such disclosure.

**Alternatives and Budget/Financial Implications:**

The alternatives for Council are as follows:

1. No public disclosure of salaries

As indicated above, Council has the option to disclose or not disclose the salaries of municipal employees under the *Public Sector Compensation Transparency Act*.

2. Disclosure of employee names and actual salaries

A broad approach to disclosure would involve publication of employee names, positions and salaries. For example, the Municipality could employ similar methodology to that set out in the main body of the *Public Sector Compensation Transparency Act* (i.e., the parts that apply to public sector bodies other than municipalities). This means that a threshold for base salary would need to be identified and a Bylaw would need to be approved setting out the threshold and any other parameters. Subject to any exceptions, a list of the names of employees whose base salaries exceeded the threshold would be published along with their total compensation. The Act sets the 2016 threshold at \$105,906 for provincial government employees and \$126,375 for the public sector agencies to which the legislation applies. The amount of the threshold is adjusted annually in accordance with the Alberta Consumer Price Index.

If the Municipality were to adopt such a model, sample numbers of employees in each category for 2016 would be as follows:

Base Salary over \$200,000 = 19 employees  
Base Salary over \$175,000 = 37 employees  
Base Salary over \$150,000 = 115 employees  
Base Salary over \$126,375 = 352 employees

A survey of mid-sized Alberta municipalities recently carried out by the Human Resources Department indicates that, at present, these municipalities are not contemplating an approach to a compensation list which would identify employee names and actual salaries.

3. Disclosure of positions and associated salary ranges

The disclosure of positions and associated salary ranges approach to the production of a sunshine list is in use by the City of Calgary (“City”). In 2015, the City began producing a report of employee salaries with the goal of providing transparency while still protecting the privacy and security of its employees. The list, which can be found on the City’s website (“2016 Compensation Disclosure List”) covers almost all employee groups, but does not include employee names or actual salaries. Instead, the list provides position titles (in alphabetical order), salary ranges and general information about salaries, pensions and benefits. The City of Red Deer uses a similar approach.

If the Municipality were to adopt such a model, a list of the positions in each exempt classification would be provided along with the associated salary range as established under the new Exempt Job Evaluation Plan. The salary range publicized for union positions would be in accordance with that set out in the applicable collective agreements. The actual salaries of the CAO, DCAO and designated officers would be publicly reported.

There are no specific budget implications relating to options for the public disclosure of municipal salaries; however, producing a list of employee names and actual salaries is much more labour intensive to create.

### **Rationale for Recommendation:**

Sunshine lists are seen by some members of the public as a means to show accountability and transparency in the use of public funds. On the other hand, employees may have legitimate reasons for not having their names and salaries published. In smaller communities, publication of compensation can be used by some community members to subject municipal employees to personal criticism. Few members of the public, outside of municipal service, have sufficient knowledge about the responsibilities of these employees to judge whether or not the compensation is warranted.

The Municipality has just completed a process to evaluate all non-union positions. Over time, the outcome of this process will correct salary anomalies so as to better ensure pay equity within each employee group. Disclosure of actual salaries prior to these corrections may exacerbate perceptions of inequity, impact employee morale and increase pressure for upward adjustment of salaries. On the other hand, disclosure of salary ranges (option 3) will not give rise to these same concerns.

The disclosure of positions and associated salary ranges provides for a comprehensive perspective because it does not use a base salary threshold. Supplementary information may be included that incorporates compensation philosophy and benefits and this provides a useful tool to recruit and retain employees as well as to provide transparency. In order to simplify the disclosure, a sunshine list could be focused on non-union positions and access could be provided to municipal collective agreements, which already record salary ranges for unionized positions.

In summary, an approach to disclosure of compensation that lists municipal positions and associated salary ranges provides for increased transparency concerning all employee salaries (including salaries below the *Public Sector Compensation Transparency Act* minimum), while at the same time protecting employee privacy and security by not exposing them to unwarranted criticism.

### **Strategic Plan Linkages:**

Pillar 1: Building a Responsible Government