

Adviser alert—Bill 8

Broader public sector accountability

March 2015

Overview

On December 11, 2014, the Ontario government gave royal assent to Bill 8, *Public Sector and MPP Accountability and Transparency Act, 2014*. Much of Bill 8 includes amendments to various acts, along with the establishment of the *Broader Public Sector Executive Compensation Act, 2014*. This new legislation imposes limits on executive compensation for certain designated organizations in the broader public sector.

Scope

The *Broader Public Sector Executive Compensation Act, 2014* applies to, among other organizations, the following employers:

- every hospital within the meaning of the *Public Hospitals Act*
- every board within the meaning of the *Education Act*
- every university, college and post-secondary institution in Ontario

It does not apply to municipalities, local boards or those authorities (e.g. boards, commissions, corporations, offices or organizations) whose members, directors or officers are appointed or chosen by or under the authority of the council of a municipality.

Summary of the *Broader Public Sector Executive Compensation Act, 2014*

Under the *Executive Compensation Act*, the government may make regulations establishing one or more compensation frameworks governing “designated employers” and “designated executives”. A designated executive is the head of the designated employer, regardless of the title of the position, and is entitled to or could receive compensation of \$100,000 or more in a calendar year.

The compensation framework would govern the compensation provided by a designated employer to a designated executive and may limit the compensation and payments to designated executives. Any agreements that would result in compensation payments to designated executives in excess of the compensation framework would be void and unenforceable.

For existing designated executives with compensation plans in effect before the date of a compensation framework, the existing compensation plans will still apply. However, there are anti-avoidance measures to prohibit the designated employer from providing new or additional compensation to offset any freeze in compensation.

The government will require reporting of compliance with the compensation framework. Should there be payment of compensation to a designated executive in excess of the compensation framework, it is considered an overpayment that must be repaid to the government. Any overpayment must then be recovered from the designated executive.

Impact

For those organizations within the scope of Bill 8, designated executives may become subject to compensation frameworks established by the government, limiting their overall compensation. Ongoing compliance reporting will accompany these frameworks.

Resource

Bill 8, Public Sector and MPP Accountability and Transparency Act, 2014.

About Grant Thornton in Canada

Grant Thornton LLP is a leading Canadian accounting and advisory firm providing audit, tax and advisory services to private and public organizations. We help dynamic organizations unlock their potential for growth by providing meaningful, actionable advice through a broad range of services. Together with the Quebec firm Raymond Chabot Grant Thornton LLP, Grant Thornton in Canada has approximately 4,000 people in offices across Canada. Grant Thornton LLP is a Canadian member of Grant Thornton International Ltd, whose member and correspondent firms operate in over 100 countries worldwide.

The information in this publication is current as of March 17, 2015.

We have made every effort to ensure information in this publication is accurate as of its issue date. Nevertheless, information or views expressed herein are neither official statements of position, nor should they be considered technical advice for you or your organization without consulting a professional business adviser. For more information about this topic, please contact your Grant Thornton adviser. If you do not have an adviser, please contact us. We are happy to help.

A listing of Grant Thornton offices and contact information can be found on our Web site at: www.GrantThornton.ca