MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

MAY 16 2018

His Worship, Brian Bowman
Mayor, City of Winnipeg
510 Main Street
Winnipeg MB R3B 1B9

Your Worship:

Thank you for your letter of December 18, 2017 regarding the introduction of *Bill* 6 which amends *The Public Sector Compensation Disclosure Act*. During the 2016 election we committed to an open and transparent government to improve accountability to Manitobans. Manitobans rightly expect integrity and full disclosure from their government and access to information in a timely and convenient manner

Amendments to *The Public Sector Compensation Disclosure Act* are based on these important principals and the audit recommendations of the Auditor General. All three of the recommendations in the Auditor General's report have been incorporated into *Bill 6*.

The proposed amendments will make the compensation disclosure reports more relevant by increasing the threshold from $50,000 to $75,000. The threshold is subject to adjustments for inflation. Publicly funded bodies, "not for profit" entities outside the Province's Government Reporting Entity, are no longer required to provide audited statements. This reduces the financial burden of reporting for not-for-profits and allows these organizations to focus on their mandate.

Bill 6 will improve the public's accessibility to the reports as current access to the reports of some public sector bodies is difficult. With the adoption of our new bill, public sector bodies within the Government Reporting Entity will be required to include their reports on their website. The Province will also be required to create one central website that includes all the reports of the public sector bodies within the Government Reporting Entity.

As part of the preparations of *Bill 6*, the City's requests were carefully considered. We were also aware that the instruction from council was that the request was only to be made after your City Solicitor concluded that the present Act did not permit compensation disclosures to be broken down by detail and source. The apparent conclusions of your City Solicitor respecting the scope of the definition "compensation" found in Section 1 of the Act, as well as the regulation-making power under clause 10(1)(a) of the Act, are consistent with the legal advice we received.

The possibility of providing a specific power to the City in this area was also explored. However, we were unable to find a principled basis for having one set of rules govern City of Winnipeg employees while permitting another set of rules to apply to all the others who are subject to the Act. Proceeding in that fashion may well have resulted in concerns that the proposed law was discriminatory.

Our review revealed other concerns that would arise if the City's request was implemented. The legislation is comprehensive and includes public sector bodies such as Crown corporations, regional health authorities, personal care homes, child and family service agencies, municipalities, colleges and universities which are all required to comply with the Act. Imposing the requirement to break down compensation would be a substantial administrative and expensive burden on many entities. As such, our conclusion was that it was not in the public interest to impose this additional requirement on all those entities subject to the Act.

In considering options for disclosure, we have reviewed public sector compensation disclosure in other provinces. Only four provinces have legislated public sector compensation disclosure. Out of the four provinces with legislation, only two provinces (Nova Scotia & Manitoba) presently require the compensation disclosure statements to be audited. Two provinces disclose the unaudited compensation of their employees as part of their annual public accounts, while the remaining four provinces provide no public sector compensation reports of any kind. The required information (the name of the employee and the total compensation) is consistent in the six jurisdictions that provide public sector compensation reports. Ontario and Manitoba require the disclosure of the employee's position and classification.

British Columbia provides the most detailed compensation at a threshold for executive compensation of $125,000. Public sector entities in British Columbia are required to disclose base salary, benefits, pension contributions, performance payments, and anything a reasonable person would view as compensation. However this detailed level of compensation is restricted to the CEO and four highest executives with a total compensation in excess of $125,000. The City of Winnipeg is currently voluntarily presenting this level of disclosure for its Chief Administrative Officer.

We have examined the city's request thoroughly and we have come to the conclusion that *Bill 6* represents the appropriate balance between disclosure, privacy and the burden of compliance. I welcome the opportunity to discuss these issues with you in the future and I hope that you are satisfied that the province has given your request thorough consideration.

Yours sincerely,

Honourable Cameron Friesen
Minister of Finance

c: Honourable Jeff Wharton
Councilor Scott Gillingham, Chair of the Standing Policy Committee on Finance
Mr. Doug McNeil, Chief Administrative Officer, The City of Winnipeg
Mr. Mike Ruta, Chief Financial Officer, The City of Winnipeg