

FTR Now

Ontario Government Amends Executive Compensation Regulation

Date: June 9, 2017

On June 8, 2017, the Ontario government filed [O. Reg. 187/17](#) which amends the “Executive Compensation Framework” regulation (O. Reg. 304/16) made under the *Broader Public Sector Executive Compensation Act, 2014* (BPSECA). On June 9th the government issued a new Broader Public Sector Executive Compensation Program Directive and amended the existing Broader Public Sector Executive Compensation Guide. With the release of the regulation and these two documents, the government has changed how compensation programs are to be developed and implemented under the BPSECA.

The new requirements for the development of compensation plans under the Framework include:

- a new “executive salary and performance-related pay envelope” out of which all salary and performance-related pay for an organization’s designated executives must be paid
- a mechanism for increasing the new envelope from year-to-year
- new government approval requirements that will apply to an organization’s choice of comparator organizations, as well as to elements of the organization’s compensation program, and
- a more detailed process that organizations must follow in developing their compensation programs.

As a result of these changes, organizations will not be required to have a compensation program finalized by September 5, 2017. Rather, they will be required to have a draft plan submitted to their overseeing Ministry by no later than September 29, 2017 for government review prior to public posting.

We will be reviewing these developments, and will be providing a more detailed discussion to clients on Monday, June 12th.

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