



Broader Public Sector Perquisites Directive

**Issued By
Management Board of Cabinet**

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Table of Contents

1. INTRODUCTION.....	3
2. PURPOSE, APPLICATION AND SCOPE.....	3
3. PRINCIPLES.....	4
4. REQUIREMENTS	5

1. INTRODUCTION

The Government of Ontario is committed to protecting the interests of taxpayers and strengthening accountability for organizations that receive public funding.

The Management Board of Cabinet has issued this directive under the authority of the *Broader Public Sector Accountability Act, 2010* (Part IV.1: Perquisites), the “Act”.

The Act sets out provisions for perquisites that are allowable and those that are not. A perquisite refers to a privilege that is provided to an individual or to a group of individuals, provides a personal benefit, and is not generally available to others.

The requirements set out in this document raise the level of accountability and transparency for designated broader public sector (BPS) organizations¹, contributing to greater alignment with the high standards expected in ministries and agencies of the Government of Ontario.

2. PURPOSE, APPLICATION AND SCOPE

The purpose of this directive is to set out the requirement for the designated BPS organizations to establish rules on perquisites where these are provided through public funds².

The rules apply to any person in a designated BPS organization, including the following:

- appointees,
- board members,
- elected officials (e.g. school trustees), and
- employees.

This directive does not apply to the following:

- provisions of collective agreements
- insured benefits
- items generally available on a non-discriminatory basis for all or most employees (e.g. an employee assistance program, pension plans)
- health and safety requirements (e.g. provision of work boots)
- employment accommodations made for human rights and/or accessibility considerations (e.g. special workstations, work hours, religious holidays)

¹ “Designated broader public sector organization” as defined under the Act (s.1)

² “Public funds” as defined under the Act (s.1)

- expenses covered under an organization's rules on travel, meals and hospitality (established in accordance with the BPS Expenses Directive)

Note that in this directive, the term, Chief Executive Officer (CEO), refers to the head of operations in a designated broader public sector organization.

In addition, this directive serves as a guideline to all other publicly funded organizations³. This means that these other organizations can consider this directive in any review or development of their policies and practices related to perquisites.

Designated BPS organizations must comply with this directive.⁴ In addition, every funding agreement between a designated BPS organization and a ministry or agency of the Government of Ontario is deemed to include the requirements of this directive.⁵

Where an agreement addresses the subject matter of this directive, this directive prevails over the relevant terms of the agreement if there is any conflict or inconsistency between them⁶.

This directive does not prevail over a collective agreement between an organization and a bargaining agent representing employees of the organization.

3. PRINCIPLES

This directive is based on three key principles.

A) **Accountability**

Organizations are accountable for their use of public funds. All expenditures support business objectives.

B) **Transparency**

Organizations are transparent to all stakeholders. The rules for perquisites are clear and easily understood.

C) **Value for Money**

Taxpayer dollars are used prudently and responsibly.

³ "Publicly funded organization" as defined under the Act (s. 1)

⁴ As set out in the Act (s. 11.1 (5))

⁵ As set out in the Act (s. 19)

⁶ As set out in the Act (s. 21(1))

4. REQUIREMENTS

Every designated BPS organization must establish rules with respect to perquisites. These rules must cover all individuals in the organization.

The term perquisites, or perks, refers to a privilege that is provided to an individual or to a group of individuals, provides a personal benefit, and is not generally available to others.

A perquisite is not allowable if it is not a business-related requirement. To be allowable, a perquisite must be a business-related requirement for the effective performance of an individual's job.

The following requirements must be included in the perquisite rules for the organization.

- 4.1 Rules on perquisites must set out that the following perquisites are not allowed under any circumstance:
 - club memberships for personal recreation or socializing purposes, such as fitness clubs, golf clubs or social clubs
 - seasons tickets to cultural or sporting events
 - clothing allowances not related to health and safety or special job requirements
 - access to private health clinics – medical services outside those provided by the provincial health care system or by the employer's group insured benefit plans
 - professional advisory services for personal matters, such as tax or estate planning

These privileges cannot be provided by any means, including:

 - an offer of employment letter, as a promise of a benefit,
 - an employment contract, or
 - a reimbursement of an expense.

- 4.2 Rules on perquisites must set out that perquisites that are not related to business requirements are not allowed.
- 4.3 Rules on perquisites must include an accountability framework to ensure that there is appropriate governance, and that everyone understands who in the organization has the authority for approvals. The approval authority for an allowable perquisite should be at a high level within the organization.
- 4.4 Rules on perquisites must require that good record-keeping practices be maintained for verification and audit purposes.
- 4.5 Rules on perquisites must set out that a perquisite is allowable only in limited and exceptional circumstances where it is demonstrated to be a business-related requirement for the effective performance of an individual's job.

4.6 Rules on perquisites must set out how summary information about allowable perquisites will be made publicly available. This summary information should be made available on an annual basis. Personal information should not be provided.