

Public Service Pension Board Mandate and Roles Document

The Mandate and Roles Document (“the Document”) for Public Service Pension Board (“the Board”) has been jointly developed by the President of Treasury Board and Minister of Finance (“the Minister”) and the Board and is consistent with the Public Agencies Governance Framework and meets the requirements of the *Alberta Public Agencies Governance Act*.

1. Mandate

The mandate of the Board, as established under the *Public Sector Pension Plans Act* (“PSPPA”), is to:

- 1.1 undertake an actuarial valuation at least every three years and make plan provisions by regulation adjusting current service contributions to ensure the Public Service Pension Plan (“PSPP”) is funded;
- 1.2 recommend to the Minister amending, or repealing and replacing, the *Public Service Pension Plan Regulation* (“the Plan Rules”);
- 1.3 set general policy guidelines (e.g. Statement of Investment Policies and Guidelines) on the investment and management of the PSPP fund;
- 1.4 set general policy guidelines on the administration of the PSPP;
- 1.5 review administrative decisions for the PSPP in accordance with the delegation from the Minister;
- 1.6 participate in consultations with the Minister with respect to:
 - 1.6.1 the cost to be charged for the administration of the PSPP; and
 - 1.6.2 changes proposed to the *Public Sector Pension Plans (Legislative Provisions) Regulation*.

2. Legislative Authority

- 2.1 The Board has responsibilities under and is subject to the:
 - *Public Sector Pension Plans Act*
 - *Public Sector Pension Plans (Legislative Provisions) Regulation* (AR 365/93)
 - *Public Service Pension Plan Regulation* (AR 368/93)
 - Ministerial Authorization 02/94
(Delegation from Minister to review administrative decisions)
- 2.2 The Board is also subject to certain other legislation, orders, directives and policies.
- 2.3 The Minister and the Board (and other parties, where appropriate) may in writing agree upon operational processes and practices, as needed.

3. Roles and Responsibilities

Pursuant to the PSPPA, the Board is the trustee of the PSPP; however, all of the duties, powers and functions of the trustee, except legal ownership of the assets, are deemed to have been delegated by the Board to the Minister.

The Minister is the administrator of the PSPP and has delegated certain functions in relation to the administration of the PSPP to Alberta Pensions Services Corporation (“APS”), including support services to the Board.

The Minister is responsible for investing the PSPP fund in accordance with the general policy guidelines established by the Board and in accordance with the *Employment Pension Plans Act*. The Minister has entered into an agreement with Alberta Investment Management Corporation (“AIMCo”) to provide investment management services to the Minister with respect to the PSPP fund.

The Minister

- 3.1 The Minister:
 - 3.1.1 is accountable to the Legislature for the activities and performance of the Board;
 - 3.1.2 invests the assets of the PSPP fund in accordance with the general policy guidelines set out in the Board’s Statement of Investment Policies and Guidelines, including any interim or transitional investment policies or guidelines;
 - 3.1.3 shall follow applicable general policy guidelines established by the Board on the administration of the PSPP;
 - 3.1.4 after consulting the Board, shall charge the PSPP fund each fiscal year for the services provided by APS;
 - 3.1.5 is authorized to collect employment information from, and disclose it to, the specific PSPP participants or former participants to whom the information relates, participating employers, and the Board;
 - 3.1.6 provides written reports to the Board on the administration of the PSPP and investment management of the Plan fund;
 - 3.1.7 is responsible for preparing the annual financial statements in respect of the PSPP;
 - 3.1.8 may recommend to the Lieutenant Governor in Council, after consulting the Board, amendments to the *Public Sector Pension Plans (Legislative Provisions) Regulation*;
 - 3.1.9 may recommend to the Lieutenant Governor in Council, after receiving a recommendation from the Board, amending or repealing and replacing the Plan Rules;
 - 3.1.10 may establish portability arrangements, after consulting the Board, between the PSPP and another public sector pension plan;
 - 3.1.11 recommends to the Lieutenant Governor in Council the appointment of Board members in accordance with the *Public Sector Pension Plans Act*;

- 3.1.12 monitors whether the Board is acting within its mandate and achieving its objectives;
- 3.1.13 considers the advice of the Board regarding the services provided by APS and AIMCo;
- 3.1.14 considers and may respond to any concerns, risks, opportunities or strategic considerations raised by the Board in relation to the PSPP;
- 3.1.15 advises the Board respecting any government policies applicable to the Board or its activities or operations;
- 3.1.16 when appropriate, ensures that material developments and significant emergent issues that may affect the PSPP are brought to the attention of the Board chair (the “Chair”) on a timely basis;
- 3.1.17 after consulting the Board, determines employers eligible to participate in the PSPP;
- 3.1.18 conducts a review at least every seven years of the Board’s mandate and purpose consistent with the Public Agencies Governance Framework and the requirements of the *Alberta Public Agencies Governance Act*; and
- 3.1.19 shall, in the event of lawsuits brought by third parties in relation to PSPP:
 - 3.1.19.1 where the lawsuit is brought against any of APS, the Minister or the Government of Alberta as well as the Board or any members of the Board, coordinate and if necessary direct the defence of the lawsuit;
 - 3.1.19.2 where the lawsuit is brought against any of APS, the Minister or the Government of Alberta, but not against the Board or any members of the Board, keep the Board informed regarding the defence of the lawsuit; and
 - 3.1.19.3 have a right of approval over any settlement of the lawsuit.

The Department of Treasury Board and Finance

- 3.2 The Department supports the Minister in fulfillment of the Minister’s roles as required by the Minister, including but not limited to:
 - 3.2.1 consult the Board on all proposed legislative and regulatory changes, and related policy initiatives;
 - 3.2.2 consult the Board on financial reporting;
 - 3.2.3 coordinate with the Board on matters related to the appointment of Board members; and
 - 3.2.4 reviewing, evaluating and providing input into the proposed budget for Board specific costs;

The Board

3.3 The Board:

- 3.3.1 is accountable to the Minister for its activities and performance;
- 3.3.2 reviews the responsibilities of the trustee (deemed to be delegated to the Minister) approximately every five years;
- 3.3.3 makes rules respecting the calling of and the conduct of business at its meetings, subject to constraints by or under applicable legislation;
- 3.3.4 identifies appropriate business processes to assist in fulfilling its mandate;
- 3.3.5 establishes such committees as it considers necessary to carry out its duties and ensures that a written mandate of each committee is approved and reviewed annually;
- 3.3.6 establishes and administers a code of conduct and ethics governing the conduct of the Board (including its Chair) and ensures that the Board has ongoing, appropriate, and effective processes for ensuring adherence to the code;
- 3.3.7 provides an orientation process, training and ongoing development opportunities for Board members;
- 3.3.8 ensures that the Board, through a process led by the Chair (or delegated committee), conducts an annual evaluation and review of the performance of the Board, its committees, individual Board members and the Chair;
- 3.3.9 oversees compliance with all relevant policies, procedures and standards by which the Board operates, and ensures that the Board operates at all times in compliance with all applicable laws and regulations;
- 3.3.10 develops mechanisms to communicate with the Minister;
- 3.3.11 following consultation with APS, provides the Department with its recommendations for a proposed budget for Board specific costs in respect of the next calendar year;
- 3.3.12 annually prepares a three-year business plan, in consultation with APS, in respect of the Board's duties and responsibilities;
- 3.3.13 reviews the performance reports provided by APS on the administration of the PSPP and by AIMCo on the investment management of the PSPP fund;
- 3.3.14 identifies for the Minister's consideration any risks, opportunities or strategic considerations in relation to administration of the PSPP or the investment of the PSPP fund;

- 3.3.15 ensures, when appropriate, that all material developments and significant emergent issues related to the Board and the delivery of its Mandate are disclosed to the Minister on a timely basis;
- 3.3.16 communicates with plan members and stakeholders regarding matters within the Board's mandate;
- 3.3.17 consults with APS with respect to mass communications (e.g. Board newsletter) to members or to stakeholders;
- 3.3.18 provides advice to the Minister on the services provided by APS in relation to the administration of the PSPP and on the investment management services provided by AIMCo;
- 3.3.19 monitors the financial performance of the Board in relation to the budget for Board specific costs;
- 3.3.20 provides input into the audit plan put forward by the Office of the Auditor General and participates in consultations pertaining to the PSPP financial statements;
- 3.3.21 sets general policy guidelines (e.g. Statement of Investment Policies and Guidelines) after consulting AIMCo, on the investment and management of the PSPP fund;
- 3.3.22 may set general policy guidelines, after consulting APS, on the administration of the PSPP;
- 3.3.23 provides information to APS, for inclusion in the PSPP Annual Report, describing the Board's governance practices including discussion and analysis from the Board's perspective;
- 3.3.24 reviews administrative decisions for the PSPP;
- 3.3.25 responds to the Minister on those matters on which the Minister is required to consult the Board;
- 3.3.26 shall consult the Minister prior to issuing a news release or otherwise initiating communication with the news media; and
- 3.3.27 shall, in the event of lawsuits brought by third parties in relation to PSPP:
 - 3.3.27.1 where the lawsuit is brought against the Board or any members of the Board as well as any of APS, the Minister or the Government of Alberta, work with the Minister to coordinate the defence of the lawsuit; and
 - 3.3.27.2 where the lawsuit is brought against the Board or any members of the Board but not against any of APS, the Minister or the Government of Alberta, keep the Minister and APS informed regarding the defence of the lawsuit, and present to the Minister for approval any proposed settlement of the lawsuit.
- 3.3.28 shall advise the Minister upon becoming aware of any threat by a third party to initiate legal proceedings of any kind in relation to PSPP.

Chair

3.4 The Chair:

- 3.4.1 with direction from the Board, represents the Board and its interests in dealing with the Minister or the Deputy Minister, stakeholders and the community;
- 3.4.2 provides leadership for the Board, effectively facilitates the work of the Board, and plans and manages the Board meetings;
- 3.4.3 when appropriate, provides the Minister with updates on the Board's operations and informs the Minister regarding emergent issues;
- 3.4.4 ensures that the Board and its committees have opportunities to meet;
- 3.4.5 ensures that the Board conducts an annual evaluation of its performance, the work of individual Board members and the performance of the Chair; and
- 3.4.6 administers the Code of Conduct and Ethics for the Board, and ensures that conflict of interest matters are addressed by the Board.

Vice-Chair

3.5 The Vice-Chair:

- 3.5.1 administers the Code of Conduct and Ethics in relation to the Chair and ensures any conflict of interest matters pertaining to the Chair are addressed by the Board; and
- 3.5.2 performs all of the duties of the Chair in the absence or disability of the Chair.

4. Board Reporting Requirements

- 4.1 The Chair will provide the following documents to the Minister after approval by the Board:
 - 4.1.1 business plan;
 - 4.1.2 an annual summary of the Board's activities related to its mandate and business plan; and
 - 4.1.3 actuarial valuation report (including interim reports).

5. Recruitment and Appointment of Board Members

- 5.1 A total of six Board members will be appointed pursuant to section 3 of Schedule 2 of the *Public Sector Pension Plans (Legislative Provisions) Regulation*. Board members are nominated by the Government and by the Alberta Union of Provincial Employees and appointed by the Lieutenant Governor in Council.
- 5.2 Board members are nominated in accordance with section 3, Schedule 2 of the *Public Sector Pension Plans (Legislative Provisions) Regulation*.
- 5.3 The recruitment process for members of the Board aligns with the Public Agencies Governance Framework and meets the requirements of section 13 of

the *Alberta Public Agencies Governance Act*. Further information on the recruitment process for nominations is provided in the attached Appendix.

- 5.4 The Chair will provide the Minister with the Board's:
 - 5.4.1 Code of Conduct and Ethics;
 - 5.4.2 support for reappointment based on Board member evaluations pursuant to the Board's responsibility under clause 3.3.8; and
 - 5.4.3 required competencies and the targeted skills identified from the Board's most recent skills matrix assessment.
- 5.5 Board and committee members will be remunerated in accordance with the *Public Sector Pension Plans (Legislative Provisions) Regulation*.

6. Administration

6.1 Review of the Mandate and Roles Document

- 6.1.1 This Document shall be in effect for not more than three years from the latest date this Document is signed by the Minister and the Chair. It must be renewed or revised within three years.

6.2 Transparency

- 6.2.1 A signed copy of this Document will be filed with the Agency Governance Secretariat. In support of the principle of transparency, this Document is available to the public on the PSPP website at:
www.pspp.ca.

6.3 Periodic Agency Review

- 6.3.1 A review of the Board's mandate and purpose will be carried out by the Minister in accordance with the review process developed in consultation with the Agency Governance Secretariat.

6.4 Transition

- 6.4.1 In this document "Minister" means at any time the Minister responsible for the Board, and "Department" shall be construed as that Minister's Department.

Original signed by

Chair

Public Service Pension Board

August 1, 2014

Date:

Original signed by

Honourable Doug Horner
President of Treasury Board
and Minister of Finance

August 27, 2014

Date:

Board Member Recruitment Process

1. Board Member Terms
 - a) Members are appointed for terms of up to four years, with the potential for re-appointment based on satisfactory performance. Appointments may be for shorter terms (i.e. less than four years) to balance member continuity and renewal. Board members are appointed by Order in Council.
 - b) Board member terms are consistent with the Public Agencies Governance Framework and meet the requirements of the *Alberta Public Agencies Governance Act*. A Board member may serve a maximum of 12 consecutive years.
2. Board Member Nominated by the Government
 - a) The Department will determine the process that will be used for selecting a nominee. To ensure impartiality and objectivity, government nominees cannot be participating members of PSPP.
 - b) Recruitment will take into consideration the Board's competency matrix identifying the skills and knowledge required of Board members.
3. Board Members Nominated by the Alberta Union of Provincial Employees (AUPE)
 - a) The Minister will write to nominating stakeholders providing them with the Board's competency matrix and requesting that they provide the name(s) of qualified candidates.
 - b) The recruitment process will be led by the AUPE.
 - c) The AUPE will take into consideration the Board's competency matrix identifying the skills and knowledge required of Board members.
 - d) The AUPE will forward the name(s) of qualified candidates to the Minister.
4. Reappointment of a Board Member
 - a) Where a Board member is eligible for reappointment, the nominating stakeholder will be asked if they wish to have the Board member serve another term. If so, the Chair will be requested to indicate in writing to the Minister whether the Board supports the reappointment.