

# Nova Scotia Pension Agency

OPERATING CHARTER

June 12, 2008



# 1. Preamble

## 1.1 Name

The official name of the Agency is the **Nova Scotia Pension Agency.**

## 1.2 Definitions

- (a) “**Plans**” means the *Public Service Superannuation Plan, Teachers’ Pension Plan, Members’ Retiring Allowances Plan and Plans* under the *Sydney Steel Corporation Sale Act* or any other plan designated by the Minister of Finance.
- (b) “**Governing Body**” and “**Governing Bodies**” means the persons or organizations which are responsible for the management of each of the Plans.

## 1.3 SOA Agency Status

The Nova Scotia Pension Agency, established by Order In Council 2006-97 on February 10th, 2006 is a special operating agency of the public service under the *Public Service Act* with authority to exercise its mandate within the terms of this Charter.

Except as provided in this Charter, the Agency is subject to all acts, regulations, policies and directives of the provincial government in the same manner as if it were a department of government.

# 2. Governance

- 2.1 The Minister of Finance is the Minister responsible for the Agency.
- 2.2 Within the terms of the mandate provided to the Agency herein, the Agency is accountable:
  - (i) to the Governing Body of a Plan for all activities conducted with respect to that Plan;
  - (ii) to the Minister or his or her designate, the Deputy Minister of Finance, for all matters relating to the administration of the Agency which are not directly referable to the affairs of a Plan.

# 3. Agency Management Framework

## 3.1 Mandate

The Nova Scotia Pension Agency's mandate is:

- (i) the provision of pension administration services for the Plans, in accordance with the legislation, regulations and any other governing documents respecting each Plan and in accordance with any policies or directives issued by a Governing Body with respect to a Plan;
- (ii) the collection and investment of all pension funds for each of the Plans in accordance with investment standards and policies as determined by the Governing Body of a Plan;
- (iii) the provision of policy advice to a Governing Body with respect to a Plan upon the request of the Governing Body of the Plan; and
- (iv) accountability to a Governing Body with respect to all affairs of a Plan, and accountability to the Minister, or his or her designate, the Deputy Minister of Finance, for all activities of the Agency which are not directly referable to the affairs of a Plan.

## 3.2 Objectives

- (i) to provide independent pension administration and investment services for the Plans;
- (ii) to accommodate the different governance models of the Plans; and
- (iii) to retain the economies of scale generated by operating similar administration and investment services for all the Plans, while retaining the ability to respond to the individual needs of the Plans.

## 3.3 Powers of the Agency

The Agency is a special operating agency and, as such, is empowered, subject to the provisions of this Charter to:

- (a) do every act and exercise every power and expend every sum of money necessary or proper for the purposes of implementing in every respect the objectives assumed by the Agency under this Charter;
- (b) employ and contract with such persons and corporations as it may from time to time require for the purpose of carrying out its objects;
- (c) do such matters and things as may be necessary or incidental for the effective attainment of its objects and the exercise of its powers.

## 3.4 Management Structure of the Agency

The management and control of the affairs of the Agency are vested in the Chief Executive Officer of the Agency. The Chief Executive Officer shall, subject to this Charter and to any specific directive of the Minister, exercise the powers of the Agency.

The Chief Executive Officer is designated as a Deputy Head under the *Civil Service Act* for the purpose of exercising the powers of a Deputy Head under that Act *vis a vis* employees of the Agency but the CEO is not a Deputy Minister.

In the event of a vacancy in the CEO's position, the Minister shall establish a committee to conduct an executive search process and make report of its findings to the Minister.

## Agency Management Framework *continued*

The Chief Executive Officer is entitled to receive such remuneration and such reasonable expenses, to be paid by the Agency, as determined by the Minister on the advice of the Committee and based upon independent executive compensation advice and subject to approval in accordance with the Personal Service Contract Regulations made under the *Public Service Act*.

The Chief Executive Officer will be allowed to enroll in the Province of Nova Scotia Group Life Insurance Policy, to receive insured health benefits under the Province of Nova Scotia Consolidated Health Plan, to participate in the Province of Nova Scotia Long Term Disability Plan and to participate in the Province of Nova Scotia's Public Service Superannuation Plan.

The Chief Executive Officer shall have an annual performance evaluation performed by the Deputy Minister of Finance, who shall consult with the Governing Bodies, and report the results of the performance evaluation to the Minister.

### 3.5 Service Level Agreements

The Agency is funded from the Plans on a full cost recovery basis. At the discretion of the Governing Bodies, services provided with respect to the Plans and the resulting cost recoveries may be governed by service agreements. Any such agreement with respect to the *Teachers' Pension Plan* will be entered into with the Trustee of the *Teachers' Pension Plan*. It is anticipated that a service agreement will provide, in a formalized manner, the basis under which services are provided to the Plan to which the agreement relates, subject to any applicable legislation and, with respect to the *Teachers' Pension Plan*, subject to the terms of the *Joint Trust Agreement* made the 31st day of March, 2006 among the Province, the Nova

Scotia Teachers Union and *Teachers' Pension Plan* Trustee Inc. (the "Joint Trust Agreement").

### 3.6 Administrative and Investment Services

Administration and investment services to be provided by the Agency for the Plans include, but are not limited to:

- (a) the collection of payroll contributions and other miscellaneous pension payments from participating employers and members;
- (b) the provision of record-keeping services for Plan members including: service reporting, contribution and salary history, member data and transaction history;
- (c) the provision of pension and purchase estimates to Plan members, and response to all member and employer inquiries;
- (d) the payment of pensions to retired members and the return of contributions to active members, in the event of termination events;
- (e) the provision of actuarial, accounting and compliance services required by the Plans to meet their obligations to Plan members, to comply with their respective Plan rules and, if applicable, Acts, and to ensure retention of their status as registered plans under the *Income Tax Act*;
- (f) the provision of investment services for the assets of the Plans' respective pension funds, so as to meet or exceed each Plan's financial obligations;
- (g) the provision of annual reports, regulatory filings, financial statements and tax reporting required for each Plan; and

## Agency Management Framework *continued*

- (h) the provision of member-specific information, through annual member statements and online WEB plan information.

### **3.7 Management Practices**

The Agency must apply and adapt, where necessary, the best public and, where appropriate, private sector management and investment practices and techniques in the pursuit of its mandate and overall value for money.

### **3.8 Use of External Services and Facilities**

The Agency shall continue to utilize other internal government service providers for the provision of goods and services it does not currently provide through its own resources in the attainment of its objectives. Services provided to the Agency shall be subject to reimbursement on a cost recovery basis. These services include, but are not limited to, information technology, human resource, financial and accounting, “back or middle office” functions, payroll, communications and legal services, unless otherwise approved by the Minister of Finance on a permanent or temporary basis.

The Agency shall occupy its own distinct premises.

## 4. Accountability, Financial and Reporting

### 4.1 Accountability for the Plans

The Agency and its staff hold a position of trust with respect to the Plan members and their benefits.

### 4.2 Year End

The fiscal year end of the Agency is the same as the fiscal year end of the Province.

### 4.3 Audit

An annual audit of the financial statements of the *Teachers' Pension Plan* shall be carried out in accordance with the terms of the *Joint Trust Agreement*. The *Public Service Superannuation Plan*, *Members' Retiring Allowances Plan* and the Plans under the *Sydney Steel Corporation Sale Act* are subject to audit by the Auditor General or a person designated by the Auditor General. Audited statements for each Plan must be filed with the governing body of each Plan within ninety (90) days of the Plan's year end.

### 4.4 Reporting

The system of accounting and information records of the Agency are subject to the approval of the Minister of Finance and to audit by the Auditor General or a person designated by the Auditor General. Audited financial statements of the Agency shall be filed with the Minister of Finance by June 30th annually.

The Agency shall present a report of its activities and the status of the Plans to each Plan's respective Governing Body on each quarter's results. This report shall be consistent with industry practice in the format desired by each Governing Body. The Agency may report more frequently at the request of a Governing Body.

The Agency shall present a report of its activities and the status of the Agency to the Minister at such time or times and in such format as requested by the Minister.

The Agency shall prepare an annual business plan for review by the respective Governing Bodies.

The Agency shall produce a draft annual report and submit it for approval by the Minister by March 15 each year. The annual report, as approved by the Minister, shall be published no later than April 30 each year. The annual report of the Agency shall incorporate the Agency's business plan as approved by the Minister for the upcoming year together with a report on its performance in relation to the previous fiscal year's business plan.

The Agency shall not receive any direct funding from the Province but shall be funded by recoveries from each Plan which reflect each Plan's proportionate share of the overall services provided. Budget amounts to be charged to a plan shall be submitted to the Governing Body of the plan for approval. The Agency shall submit a total annual budget for its operations to the Minister for approval for the amounts which shall be recovered from the respective Plans.

## 5. Human Resources

### 5.1 Hiring

The CEO may hire such employees as are necessary for the proper functioning of the Agency either in accordance with the *Civil Service Act* or by Contract of Services approved in accordance with the Personal Services Contract Regulations under the *Public Service Act*.

The Agency shall follow the Province's 'Fair Hiring Policy' and associated procedures except that the point of contact shall be the Agency rather than the Public Service Commission.

Upon the recommendation of the CEO acting on independent executive compensation advice, the Minister may establish, subject to approval in accordance with the Personal Service Contract Regulations made under the *Public Service Act*, a compensation plan for those civil servants employed by the Agency who, by Order in Council 98-134, as amended by Order in Council 2001-391, were given the option to have their position excluded from the operation of all provisions in the *Civil Service Act* and Regulations pertaining to rates or manner of compensation and such other civil service positions at the Agency which may be excluded by the Governor in Council from the operation of all provisions in the *Civil Service Act* and Regulations pertaining to rates or manner of compensation from time to time.

The terms and conditions of employment for bargaining unit staff shall be as stipulated by the collective agreement and the Public Service Commission.

Staff levels at the Agency will be governed by the service requirements and agreed upon recoverable expenses allowed by each Plan's Governing Body

and will not be subject to Provincial policies on Full Time Equivalents (FTEs) or staffing levels and practices.

### 5.2 Travel

The Agency is subject to the 'Provincial Travel Policy'.

### 5.3 Procurement

The Agency shall develop and follow purchasing policies with respect to goods and services which will, to the extent possible, be compatible with the Province of Nova Scotia: Procurement Policy and approved by the Minister.

Approval for goods and services shall be made by the Chief Executive Officer or such other duly authorized officers of the Agency as may be appointed from time to time by the Chief Executive Officer. All such goods and services shall be compatible with any service agreements that may be in place and with agreed upon recoverable expenses allowed by each Plan's Governing Body.

Honourable Michael G. Baker, Q.C.  
Minister of Finance

Halifax, Nova Scotia  
June 12, 2008

