



**SENIOR MANAGEMENT GROUP
COMPENSATION PROGRAM**

*Including the Incentive Award Program
for the 2008-2009 Performance Year*

Public Service Commission

April 2009

SENIOR MANAGEMENT GROUP COMPENSATION PROGRAM

Revisions to the SMG Compensation Program

Pay Administration Policies

New – Effective April 1, 2009

- *New salary and incentive ranges [p. 12, 7.1]*

Expanded for Clarification

- *Agreements for external secondments must be signed-off by the Centre for Leadership and Learning prior to the start of the external secondment [p.11, “Secondment” definition]*
- *Option to retain professional designation upon entry to SMG position includes broader group such as teachers [p.17, 8.9]*

Added for Clarification

- *Approval of salary increase on lateral assignments and starting salary above salary range minimum for external hires delegated to deputy ministers for SMG1/2 and ITX1/2 positions and rests with the Public Service Commission for SMG3/4 and ITX3/4 positions [p.15, 8.5; p.16, 8.6]*

Incentive Pay Administration Policies

New – Effective April 1, 2009 for the 2008-2009 Performance Year and thereafter

- *No incentive awards shall be paid in respect of the period beginning January 1 to December 31, 2009 to employees earning \$150,000 or more annually. Incentive awards for employees earning \$150,000 or more annually will be prorated up to December 31, 2008 and applied at a maximum of 1.5 per cent to base salary, any remainder paid as a one-time lump sum [p.20, 2; p.27, 5.4b); p.27-28, 5.4c); p.43, Q&A18]*

Added for Clarification

- *No lump sum is payable on amounts above the salary range MVR for employees who receive a “Conditional Achievement” performance rating [p.23, 5.2]*
- *Incentive amounts above home position MVR paid as lump sum when employee returns home from acting assignment within SMG [p.29-30, 5.5b)iii) and iv)]*

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SENIOR MANAGEMENT GROUP COMPENSATION PAY ADMINISTRATION

PAY ADMINISTRATION

- **Introduction**
- **Purpose**
- **Principles**
- **Scope**
- **Responsibilities**
- **Definitions**
- **Salary And Incentive Ranges**
- **Pay Administration Policies**

SENIOR MANAGEMENT GROUP COMPENSATION PAY ADMINISTRATION

1. INTRODUCTION

The Compensation Program for senior managers consists of:

- Competitive Salaries
- Results Based Incentive Awards

Salary increases and incentive awards are based on performance in three areas:

- corporate results
- ministry results
- individual results

The maximum of the salary range is set at the market value rate (MVR) for comparable jobs in large public sector organizations at the median, or 50th percentile. A precondition of any compensation award is individual achievement of their performance management plan. For more details on performance-driven results based incentive awards, please refer to Section 5.

This program balances the government's objective of directly linking pay to the achievement of results with current government priorities. The performance cycle for SMG employees is aligned with the results-based planning cycle and based on achievement of business and operational plan commitments. The determination of the corporate envelope (or pool) is the prerogative of Cabinet. The Premier and the Secretary of the Cabinet determine the specific ministry incentive envelopes based on two key criteria:

- (i) the complexity, impact and contribution of the ministry in any given year on the achievement of corporate objectives; and
- (ii) the level of achievement of the ministry's approved annual Results-based Plan.

2. PURPOSE:

To ensure that employees in the Senior Management Group compensation plan are paid equitably in a manner consistent with government priorities:

- when assigned to permanent or temporary positions; and
- according to performance, measured against the achievement of key commitments linked to the annual Results-based Planning process.

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3. PRINCIPLES:

- Compensation levels for the senior management group are competitive with comparable jobs in large public sector organizations and the SMG classes are set at the median, or 50th percentile.
- The compensation program rewards public servants for performance based on results through a combination of competitive salaries and results based incentive awards.
- Salaries are contained within the range of minimum and MVR for each classification level.
- The compensation structure design reduces salary compression within the senior management group.

4. SCOPE:

All policies apply to regular, fixed term and term classified fixed term employees in ministries and Commission public bodies, occupying permanent, regular part time (RPT) or temporary positions/assignments in all classes under the Senior Management Group compensation plan (SMG 1-4, ITX 1-4, OPP 1).

These policies do not apply to executives appointed by Order in Council to Commission public bodies, or to Crown employees in Commission public bodies, who are not regular public servants, unless specified in:

- (a) the Order in Council appointment, or
- (b) other authorized agreement, pre-approved by the Public Service Commission.

5. RESPONSIBILITIES

Cabinet is responsible for:

- determining the corporate incentive envelope, if any, for any given year

The Secretary of the Cabinet is responsible for:

- determining, in consultation with the Premier, the specific ministry incentive envelopes, if any, based on two criteria:
 - (i) the complexity, impact and contribution of the ministry in any given year on the achievement of corporate objectives; and
 - (ii) the level of achievement of the ministry's approved annual Results-based Plan

SENIOR MANAGEMENT GROUP COMPENSATION PAY ADMINISTRATION

- approving the total recommended incentive awards each year for all SMGs

The Public Service Commission is responsible for:

- approving the pay administration and incentive award policies for all classes within the Senior Management Group compensation plan
- approving the salaries of senior managers upon appointment to SMG3/4, ITX3/4 and OPP1 class positions within the applicable established salary ranges
- approving any exceptions to existing policies for all class levels within the Senior Management Group compensation plan

The Centre for Leadership and Learning, Executive Programs and Services Branch is responsible for:

- providing policy interpretation
- providing instructions to ministries for annual review of incentive awards
- preparing the corporate roll up of incentive awards for approval by the Secretary of the Cabinet
- coordinating pay research for review of salary ranges and benefits
- developing and recommending to the Public Service Commission changes to pay administration and incentive award policies for all classes within the Senior Management Group compensation plan

Deputy Ministers are responsible for:

- where delegated, approving promotional salary increases above 3% to a maximum of 8%
- where delegated, approving up to a 3% salary increase upon lateral appointment
- recommending to the Public Service Commission promotional increases above 3% and any salary increase upon lateral appointment with respect to SMG3/4, ITX3/4 and OPP1 class assignments
- recommending performance ratings to the Secretary of the Cabinet for approval
- ensuring performance objectives and measures are set at a level which reflects the high level of performance expected

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Ministry Human Resources are responsible for:

- ensuring that employees are paid in accordance with approved pay administration and incentive award policies
- providing advice and guidance to senior managers with respect to the administration of the performance management and incentive award programs
- providing advice to Deputy Ministers and senior managers regarding the implementation of pay administration and incentive program policies

Ontario Shared Services is responsible for:

- implementation of pay administration in accordance with approved pay administration and incentive award policies

6. DEFINITIONS

Acting Assignment	A type of temporary assignment in which a senior manager is assigned to undertake duties and responsibilities elsewhere in the senior manager's own ministry, in another ministry, or where the regular incumbent is away on leave (not including vacation leave) or another assignment. Acting assignments can be at lower or higher levels.
Class	A distinct level and type of work measured against a job evaluation or classification system and assigned to a specific pay range.
Classification Process	The process of allocating a class to a position by measuring the job against a classification or job evaluation system.
Incentive Award	Is a salary increase either to base pay or payable as a lump sum effective on the common anniversary date for senior managers of April 1, as a result of successful performance results for the previous performance year.
Involuntary Demotion	Occurs when an employee is assigned to a position in a class with a lower market value rate for reasons that are beyond the employee's control.
Lateral Assignment	Occurs when an employee is assigned to a position in a class with the same market value rate as that of his or her former position.

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Market Value Rate (MVR)	Is the maximum salary rate of the salary range for each SMG class level.
Promotion	Occurs when an employee is assigned to a position in an SMG class with a higher market value rate. In cases of promotion to a position in the MCP class, the pay administration policies for MCP would apply.
Salary Protection	Salary protection is the ongoing administration of the employee's pay in the salary range of the class with the higher market value rate (which then becomes the protected range), while salary protection is in effect.
Secondment	<p>A temporary assignment of a senior manager to undertake duties and responsibilities (<i>at the same classification level</i>) elsewhere in the employee's own ministry or in another ministry, where the secondment could be to an existing position or to a temporary or project assignment. A secondment agreement must be prepared regarding the terms and conditions of the assignment. Non-standard agreements require review by the Centre for Leadership and Learning.</p> <p><u>External Secondment:</u> A temporary leave with pay for the purpose of undertaking employment in an organization other than a ministry or Commission public body, in which the receiving organization reimburses the Ministry for the senior manager's salary and benefits. A secondment agreement must be prepared outlining the terms and conditions of the assignment and be signed-off by the Centre for Leadership and Learning prior to the start of an external secondment.</p>
Senior Managers/ Senior Management Group (SMG)	Refers to all classes (other than Deputy Ministers) employed by the Crown in senior management capacities and classified as positions within the senior management group. In this policy, the classes under the Senior Management Group compensation plan include SMG 1-4, ITX 1-4 and OPP 1. Specific class references may be used as necessary to differentiate policy application.
Voluntary Demotion	Voluntary demotion occurs when an employee accepts a position in a class with a lower market value rate, as a result of his or her own free choice.

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7. SALARY AND INCENTIVE RANGES:

7.1 Senior Management Group (1,2,3, and 4*) salary and incentive ranges were approved by Cabinet, effective April 1, 2009.

Level	Annual Base Salary		Incentive Range
	Minimum	Maximum/MVR	
SMG4*	\$169,100	\$188,950	0% - 17.5%
SMG3	\$146,700	\$167,650	0% - 15%
SMG2	\$115,000	\$131,450	0% - 10%
SMG1	\$93,050	\$106,350	0% - 10%
* SMG4: Associate Deputy Minister position will be used in a limited capacity where special circumstances exist. Approval for the creation of these positions rests with the Secretary of the Cabinet.			

Information Technology Executive salary and incentive ranges were approved by Cabinet under the Senior Management Group compensation plan, effective April 1, 2009.

Level	Annual Base Salary		Incentive Range
	Minimum	Maximum/MVR	
ITX4	\$241,900	\$309,050	0% - 17.5%
ITX3	\$152,700	\$206,050	0% - 15% 0% - 21.33%*
ITX2	\$132,600	\$160,250	0% - 10%
ITX1	\$104,050	\$137,700	0% - 10%
* applicable for ITX3 appointments from outside the OPS on or after October 11, 2006			

Ontario Provincial Police Commissioner's salary and incentive range was approved by Cabinet under the Senior Management Group compensation plan, effective April 1, 2009.

Level	Annual Base Salary		Incentive Range
	Minimum	Maximum/MVR	
OPP1	\$183,500	\$223,800	0% - 15%

Revisions to the above salary ranges are effective April 1, 2009. However, no payment or adjustment shall be made under these revisions to any employee for service after April 1, 2009 where,

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- (a) that employee ceased employment with the Crown in Right of Ontario on or before April 1, 2009; or,
- (b) that employee, at April 1, 2009, is on a leave of absence pending termination of employment with the Crown in Right of Ontario.

7.2 Salary Range Revisions

Salary ranges are to be reviewed annually to ensure competitiveness with comparable jobs in large public sector organizations.

If salary range adjustments are approved, senior managers will move through the new ranges based on performance (see Performance Driven Results Based Incentive Awards section 5, Incentive Pay Administration Policies).

The implementation of the revision of salary ranges shall not result in an increase to the salary of any employee, except where an employee's salary is less than the minimum annual base salary rate for the level applicable to that employee. In that case, the employee's salary shall be changed to the minimum annual base salary for the applicable level effective the same date that the new salary range become effective.

8. PAY ADMINISTRATION POLICIES

8.1 Acting Assignment

(A) Into a Higher Level Classification

An employee who is appointed on a temporary basis to a senior management position which has a higher classification, is entitled to a salary increase for the period of the assignment and normal salary treatment governing promotion would apply.

When the employee reverts to the classification level of his/her former position, the employee's salary is determined and continues to be administered as if the acting appointment had not occurred.

If an acting assignment to a senior management position is subsequently confirmed as a permanent appointment, there will be no further change in salary.

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(B) Into a Same Level Classification

An employee who is appointed on a temporary basis to a senior management position which is at the same classification level (i.e., the position has the same salary range maximum) normally maintains the same salary as that of the home position for the duration of the secondment.

In exceptional circumstances, as described in section 8.4, with well documented rationale and the approval of the deputy minister, where delegated, an employee appointed on a temporary basis to a senior management position which is at the same classification level may receive a salary increase up to 3% (up to the salary range maximum) for the period of the secondment.

When the employee reverts to his/her home position, the employee maintains the salary level received during the secondment.

(C) Into a Lower Level Classification

An employee, who is appointed on a temporary basis to a position with a lower salary range MVR, shall assume a salary within the salary range of the lower classification. If the employee's home position salary is at or higher than the MVR for the temporary assignment position, the employee's salary is to be adjusted to the MVR of the lower classification. If the employee's home position salary is within the range of the lower classification, the employee's salary remains unchanged. If the employee's home position salary is below the minimum of the lower classification, the employee's salary is adjusted to the minimum of the lower classification salary range (e.g., ITX1 acting as SMG2).

When the employee reverts to his/her home position, the employee will revert to his/her former salary, unless the acting salary has surpassed the salary in the home position, in which case the higher salary will be carried forward up to the MVR of the home position.

An acting appointment cannot be made when the regular incumbent is absent due to vacation leave.

8.2 Anniversary Date

Compensation and performance management are components of an overall integrated talent management program. Incentive awards are tied to both the Results-based Planning and individual performance management cycles. All awards reflect **performance within the past performance year and are paid prospectively**, effective the beginning of the following performance year, on the common anniversary date of all senior managers, April 1.

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8.3 Compression

There are no compression pay adjustments for senior managers.

8.4 Exceptional Circumstances

On **lateral assignment**, in exceptional circumstances and with pre-approval of the deputy minister, where delegated, an up to 3% salary increase (up to the salary range maximum) may be provided, based on the following criteria:

- There is a critical organizational need to fill the position;
- The assignment is for a minimum of 6 months to a position with a broader scope and/or scale of responsibility than the employee's current position;
- The position performs management functions; and,
- The employee's past performance ratings have been "Outstanding" or "Fully Effective".

Any other exceptional circumstances related to the SMG pay administration or SMG incentive pay administration policies **must be pre-approved** by the Public Service Commission.

8.5 Lateral Assignments

There are normally no salary increases for either permanent or temporary lateral moves. In exceptional circumstances as described in section 8.4, with well documented rationale and the pre-approvals as noted below, a salary increase of up to 3% may be provided on lateral assignment.

Approval Requirements

- **SMG1/2 and ITX1/2:**
Increases require a documented rationale and deputy minister approval
- **SMG3/4, ITX3/4, and OPP1:**
Increases require documented rationale and **prior** Public Service Commission approval

Where deputy minister approval is provided for salary increases on lateral assignment, the rationale must be well documented, with a copy provided to the Centre for Leadership and Learning for report back to the Public Service Commission.

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8.6 New employees (external hires)

New senior managers hired from outside the OPS will be paid at the minimum of the appropriate salary range.

With deputy minister approval, where delegated, starting salary above the minimum of the salary range, up to the MVR, may be offered to an external candidate.

Approval Requirements

- **SMG1/2 and ITX1/2:**
Starting salary above the minimum of the salary range requires a documented rationale and deputy minister approval
- **SMG3/4, ITX3/4, and OPP1:**
Starting salary above the minimum of the salary range requires documented rationale and **prior** Public Service Commission approval

Where deputy minister approval is provided, the rationale for offering a starting salary above the minimum of the salary range must be well documented, with a copy provided to the Centre for Leadership and Learning for report back to the Public Service Commission.

8.7 Personal Classifications

There are no personal classifications for senior managers.

8.8 Promotions

Into or Within Senior Management Group

Employees promoted into or within the Senior Management Group on an **acting or permanent** basis will move to the minimum of the class level salary range or be eligible for a promotional increase of 3%, whichever is greater. ***If the employee's salary is already above the minimum of the new class then, in exceptional circumstances, an increase of between 3 to 8 per cent may be pre-approved as follows:***

Approval Requirements

- **SMG1/2 and ITX 1/2:**
Increases above the minimum or 3% require a documented rationale and deputy minister approval

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- **SMG3/4, ITX 3/4, and OPP 1:**

All salary awards at this level require documented rationale and **prior** Public Service Commission approval

Upon promotion to any position within the SMG compensation plan, the new salary must NOT exceed Market Value Rate for the class level of the position.

- **Non SMG Employees acting in an SMG position:**

- continue the benefits and entitlements of the home class series;
- upon return to their home position (non SMG), pay administration guidelines pertaining to the home class series apply.

8.9 Retaining Professional Designation

Employees whose current classification **requires** a professional designation, such as a physician, lawyer, teacher, engineer or architect, which carries a higher salary level, and who enter into a SMG position, either on a permanent or temporary basis, may elect to:

- (i) join the SMG compensation plan and be paid at the market value rate of the new position and be eligible for SMG incentive pay based on SMG incentive award policies, or
- (ii) retain their current classification, entitlements and salary level and **be eligible for SMG incentive pay based on SMG incentive award policies.**

8.10 Salary Protection

If a position is reclassified to a class series outside of the SMG, the pay administration guidelines pertaining to the new class series apply.

Salary protection, whereby the senior manager retains his/her existing salary, **applies** in the following circumstances:

- (a) When a senior manager occupies a position which is reclassified to a class level with a lower maximum salary as a result of a reassessment of duties.
- (b) Senior managers assigned to a lower level position for health reasons, including returning LTIP employees, are eligible for salary protection for a period of six months; at the end of the six-month time period, their salary is adjusted to the market value rate of the lower SMG class or the maximum of the salary range of the class if in another classification group.

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Salary protection **does not apply** in the following circumstances:

- (a) to involuntary demotions resulting from the **permanent or temporary** assignment to a lower level classification of senior managers whose home position have been declared surplus;
- (b) to voluntary demotions accepted by senior managers to **permanent or temporary** assignments at a lower classification level;

(Salaries are adjusted to the market value rate of the lower class if SMG, or to the maximum of the class if in another classification group)

8.11 Special Assignment Pay

There are no special assignment pay provisions for senior managers.

8.12 Underfills

There are no provisions for underfilling positions in the senior management group.

**SENIOR MANAGEMENT GROUP COMPENSATION
INCENTIVE AWARD PROGRAM**

**INCENTIVE AWARD PROGRAM
FOR THE 2008-2009 PERFORMANCE YEAR**

- **Principles**
- **Mandatory Requirements**
- **Scope**
- **Responsibilities**
- **Performance-Driven Results-Based Incentive Awards**
- **Incentive Pay Administration Policies**

SENIOR MANAGEMENT GROUP COMPENSATION INCENTIVE AWARD PROGRAM

1. PRINCIPLES:

- Incentive awards are directly linked to the achievement of key results at the corporate, ministry and individual levels.
- The program is designed to move senior managers from an 'entitlement' culture to a more rigorous 'performance-driven results based' culture.
- The objective is to achieve competitive market value rates for the senior management group, based on outstanding, fully effective or conditional performance documented in individual performance plans.
- The performance cycle for SMG employees is aligned with the ministry Results-based Planning cycle and allocation process.

2. MANDATORY REQUIREMENTS

- The OPS must achieve a threshold of performance before the incentive award program is approved each year by Cabinet.
- The threshold and amount of the corporate incentive envelope are determined annually by the Premier and Cabinet and are their prerogative. ***Incentive awards may or may not be approved for any given year.***
- No incentive awards shall be paid in respect of the period from January 1 to December 31, 2009 to employees earning \$150,000 or more annually. For the 2008/09 performance year, incentive awards for senior management employees earning \$150,000 or more annually will be prorated up to December 31, 2008; and, applied at a maximum of 1.5 percent to base salary, with any remainder paid as a one-time lump sum
- Incentive awards for senior management employees earning less than \$150,000 annually must be awarded as salary increases, up to the market value rate; if the individual's salary is at market value rate (or above), the award must be in the form of a lump sum pay out based on the MVR of the classification level.
- The sum of all individual awards must not exceed the ministry's approved incentive envelope allocation.
- Prior to any incentive award payout, the Secretary of the Cabinet reviews and approves recommended incentive award amounts.

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3. SCOPE:

See section 4 in Pay Administration Policies (*page 8*).

4. RESPONSIBILITIES:

See section 5 in Pay Administration Policies (*page 8*).

5. PERFORMANCE-DRIVEN RESULTS-BASED INCENTIVE AWARDS

5.1 Establishment of Incentive Salary Envelopes:

Corporate Envelope:

A senior management corporate incentive envelope will be established annually, subject to the approval of Cabinet. Cabinet sets the corporate envelope based on key corporate performance criteria. The corporate performance level required, and the amount, if any, of the corporate envelope are the prerogative of Cabinet.

Ministry Envelope:

The Premier and the Secretary of the Cabinet determine the specific ministry incentive envelopes, based on:

- the complexity, impact and contribution of the ministry to the achievement of key corporate objectives in any given year;

The ratings are:

- Contributes to key corporate results
- Has moderate impact on key corporate results
- Has substantial impact on key corporate results
- Has critical impact on key corporate results.

- the level of achievement of the Ministry's annual Results-based Plan, approved by Management Board of Cabinet;

The ratings are:

- Results did not meet key commitments
- Results meet some key commitments
- Results meet all key commitments
- Results exceed key commitments.

Ministry incentive envelopes are calculated as a percentage of the total SMG salary (annualized) for that ministry as of the end of the fiscal year.

SENIOR MANAGEMENT GROUP COMPENSATION INCENTIVE AWARD PROGRAM

The total ministry recommended incentive award amount must be within the ministry's approved incentive envelope, established for the particular performance year.

Special Incentive Provisions:

It is the prerogative of the Premier and the Secretary of the Cabinet to recognize significant corporate priorities/initiatives and the exceptional contribution of ministries, groups or individuals by awarding additional incentive awards.

Special awards may or may not be approved for any given year.

Special awards, if approved, are added to either the ministry's regular incentive envelope or the incentive award earned by the individuals being recognized. Special awards, applied directly to the regular incentive award earned by an individual, may bring the individual's total award above the approved incentive percentage award cap for his/her classification.

5.2 Link to Individual Performance Results

No base pay or lump sum incentive award will be made unless it is supported by a documented performance plan consistent with the corporate Talent Management Framework.

- Performance commitments and measures must be set at a level which reflects the high level of performance expected.
- Key commitments must be:
 - identified in the performance plan,
 - linked, where appropriate, to the key performance measures in the ministry's Results-based Plan, which has been approved by Management Board of Cabinet,
 - reviewed and approved by the next higher level of management within the ministry, for all SMGs; Associate Deputy Ministers and Assistant Deputy Ministers' commitments will be reviewed and approved by the Deputy Minister.
- Performance plans must be updated as required to reflect significant current or new priorities.
- A pre-condition of any pay out in this program is the individual's achievement of the key commitments documented in his/her performance plan.

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Increases to base pay and/or lump sum awards may be earned for the following performance levels:

- *Outstanding*
- *Fully Effective*

Increases to base pay only (no lump sum payable on amounts above the salary range MVR) may be earned for:

- *Conditional Achievement*

No base pay increase or lump sum payment may be earned for:

- *Requires Significant Performance Management*

5.2.1 Distribution Guidelines

There are a number of ways to effectively differentiate and drive performance in an organization. The use of distribution guidelines is a well-established methodology. Research conducted by the Corporate Leadership Council and the Conference Board of Canada indicates that many organizations develop distribution guidelines in order to support true differentiation of performance. The performance distribution reinforces the importance of differentiating individual performance ratings. Our distribution guidelines are modelled against the practice of many organizations in the public and private sectors.

For 2008/2009 the SMG performance management program includes distribution guidelines for the four performance categories as follows:

Outstanding – 17% (maximum allowable)

Fully Effective – 65%

Conditional Achievement – 10%

Requires Significant Performance Management – 5%

(The Secretary of the Cabinet may exercise discretion to allocate an additional 3% in the “Outstanding” category)

Ministries are to work toward a year-over-year improvement related to performance rating distribution. Our efforts to truly drive improved organizational performance will be significantly enhanced by the efforts we make to raise our performance standards, and to work with those employees that fall short of them.

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5.2.2 Individual Performance Rating Definitions

The following definitions will assist management teams in determining the recommended ratings for SMG employees for the 2008/09 performance cycle and beyond. The definitions clearly define the requirements of each rating level. They were designed to emphasize the high level of expectation for recommending an 'outstanding' or 'fully effective' rating and to identify a range of expectations which could result in a 'conditional achievement' rating. The definitions recognize the need to assess not only 'what' was achieved but 'how' the results were achieved.

Outstanding

- This rating is reserved for those employees who produce results of excellent quality and who demonstrate a high level of productivity and timeliness. The employee is a model of excellence in both the results achieved and the means by which they are achieved;

AND

- Performance at this level indicates that the employee has gone beyond the plan, i.e., has consistently achieved results beyond expectations for all key performance commitments, unless a supporting rationale exists for failure to meet a key commitment which could not be predicted, e.g. funding for a project removed;

AND

- The resulting products or outcomes from work done or projects worked on have exceeded unit / branch / region / division expectations and have resulted in improved results for the unit / branch / region / division. This could include:
 - Volunteering to work on corporate projects/committees
 - Mentoring/coaching new staff
 - Model for knowledge sharing and/or horizontal policy development/ service delivery
 - Identifying and executing money saving /time saving efficiencies

This may have been through developing streamlined or innovative processes, taking particular initiative or excellent management of material, financial and human resources such that the impact went beyond the employee's expected sphere of influence;

AND

- Strong teamwork and leadership has contributed to achievement of goal. This has led to ongoing positive working relationships with peers, subordinates, partners and clients in such that results for the unit / branch / region / division are enhanced.

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Fully Effective

- Performance at this level indicates that the employee has met all key performance commitments, unless a supporting rationale exists for failure to meet a key commitment which could not be predicted. e.g. funding for a project removed;
- AND
- This rating indicates that the employee consistently meets expectations for the results achieved and the means by which they are achieved;
- AND
- Performance meets expectations for quality and timeliness, with attention to the impact on achievement of organizational results at unit / branch / region / division level, taking into account both short- and long-term impacts. Demonstrates independence; i.e., not requiring ongoing direction or re-direction;
- AND
- Meeting performance commitments has been carried out while maintaining positive working relationships with peers, subordinates, partners and clients and with effective management of material, human and financial resources.

Conditional Achievement

- While the employee may have met key performance commitments, he/she may require support in the means by which the commitments were met, for example:
 - The employee has managed some but not all of the issues related to achievement of the result or product, e.g., ongoing management of the process or result may be difficult.
 - Demonstrates lower level of independence requiring higher than usual supervision, direction or re-direction.
 - While the employee has managed relationships well with clients/ stakeholders for the most part, the clients/stakeholders are not fully engaged; ongoing coordination may not be fully effective.
 - The means by which results have been achieved are not well aligned with other work at the unit / branch / region / division level.
- OR
- Performance at this level indicates that the employee has delivered on more than half of the key performance commitments expected for the position; however, the key performance commitment(s) not achieved do not have a supporting rationale for inability to meet the commitment(s). The employee has met most expectations in terms of the quality produced, has met most deadlines and for the most part has demonstrated good issues management.
- OR
- The employee may be learning in a new position or adjusting to changed position expectations, and require further development to be fully effective in the position demands.

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Requires Significant Performance Management

- Performance at this level indicates that the employee has not met key performance commitments as expected for the position, without a supporting rationale for inability to meet all commitments. Some indicators of performance at this level include:
 - Majority of the key performance commitments have not been met, without a supporting rationale, either as a result of inadequate results or lack of quality or timeliness.
 - Ineffective methods have been used in carrying out the project/work such that ineffective results were achieved or issues were not managed.
 - Work relationships with peers, subordinates, partners and/or clients have been detrimental to the achievement of the project or organizational goals, or such that customer needs were not met.

INCENTIVE PAY ADMINISTRATION POLICIES

5.3 Eligibility Criteria:

- Eligibility for an incentive award is contingent upon the employee **actively working** in a senior management position within the Ontario Public Service during the performance year.
- In order to be eligible for an incentive award, a performance plan must be in place to determine the employee's performance rating, which is the basis for the incentive award.
- Upon entry into the SMG class, or to a higher SMG class level from within SMG, a senior manager must have performed work for **3 or more consecutive months in that class level during the initial performance year**. *(3 months to be interpreted as 12 consecutive weeks)*
- If the above requirements have been satisfied upon entry into the SMG class, or to a higher SMG class, eligibility for an incentive award will then be based on performing work for 3 or more consecutive months in that class level during the performance year.
- Any exceptional circumstances must be pre-approved by the Public Service Commission.

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5.4 Calculation and Implementation of Incentive Award

All awards reflect **performance within the past performance year** and **are paid prospectively**, effective the beginning of the following performance year on the common anniversary date for senior managers, April 1.

Incentive awards for senior managers are calculated on base salary that is within the position classification salary range of each eligible assignment.

Incentive awards for fixed term and term classified fixed term staff must be calculated only on base salary, not including pay in lieu of benefits.

Incentive awards for senior managers who have elected to retain their professional designations must be calculated on the MVR of their current SMG position, and not the employee's actual salary.

a) Incentive Award - Adjustment to Salary (Applicable to Salaries up to Market Value Rate and < \$150,000)

The incentive award is calculated based on the performance-year salary and applied to the employee's base salary to determine the salary in effect on April 1 of the following performance year. Once market value rate effective April 1 has been achieved, any remaining amount is awarded as a lump sum.

b) Incentive Award - Adjustment to Salary (Applicable to Salaries up to Market Value Rate and ≥ \$150,000)

No incentive awards shall be paid in respect of the period beginning January 1 to December 31, 2009. The incentive award for the 2008-09 performance year will be pro-rated up to December 31, 2008 and applied at a maximum of 1.5 per cent to base salary, with any remainder paid as a one-time lump sum.

c) Lump Sum Incentive Award (Applicable to Salaries at or above Market Value Rate)

Senior managers who are at, or above, the market value rate will be eligible for a lump sum incentive award effective April 1 of the following performance year based on the MVR of the position classification level.

Incentive awards must be calculated on the market value rate of the classification level of the senior manager's position (and not the employee's actual salary).

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Lump sum incentive awards for fixed term and term classified fixed term SMGs must be calculated only on base salary, not including pay in lieu of benefits.

No incentive awards shall be paid in respect of the period beginning January 1 to December 31, 2009 to senior management employees earning \$150,000 or more annually. Incentive awards for the 2008-09 performance year, for senior managers earning \$150,000 or more annually, will be calculated based on the market value rate of the senior manager's position class, pro-rated to December 31, 2008 and paid as a lump sum.

Lump sum incentive awards do not form part of base salary; while the payment will be reported as part of total annual earnings, they are not considered as salary for the determination of salary based benefits, such as life insurance or calculation of pensionable earnings.

Lump sum incentive awards do not impact the calculation of severance entitlements.

5.5 Incentive Award Policy Application in Specific Cases

Note: Conditions outlined in Section 5.4, including application of incentive awards for senior managers earning \$150,000 or more annually, apply in all scenarios described below.

a) Permanent Promotion – During the Performance Year

i) ***Anytime in the Performance Year:***

A senior manager is eligible for a pro-rated base salary award, if s/he has met the criteria set out in 5.3, of three or more consecutive months service at the new classification level.

ii) ***Promotion was for less than 3 consecutive months in Performance Year:***

A senior manager is not eligible for a pro-rated base salary award, as s/he has not met the criteria set out in 5.3, of three or more consecutive months' service in the performance year at the new classification level.

iii) ***Treatment of SMG Assignment Prior to Permanent Promotion***

SMG assignments of at least three months (12 weeks) in a lower level SMG position immediately preceding the permanent promotion will be eligible for a performance rating and pro-rated incentive award payable as a lump sum. The award will be calculated as a percent of the previous salary, pro-rated for the time in the lower level SMG assignment.

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b) Acting Assignment - within SMG

Senior managers acting in a position at a higher SMG classification level are eligible for a salary award based on the performance in that position, provided that:

- (1) they have been in that position 3 or more consecutive months in the performance year; and,
- (2) there is a performance management plan in place.

Increases are pro-rated to reflect the period of time at the higher classification.

Return from Acting – within SMG

i) Acting Less than 3 Consecutive Months and Return to Home During Performance Year:

If the SMG employee acted at a higher SMG level for **less than 3 consecutive months** in the performance year, and returned to his/her home position during the performance year, s/he will have his/her salary adjustment calculated based on the performance rating and percentage in the home position as if the acting assignment never occurred.

ii) Acting Less than 3 Consecutive Months and Return to Home After March 31:

If the SMG employee acted at a higher SMG level for **less than 3 consecutive months** in the performance year and returned to his/her home position in the following performance year, s/he will have his/her salary adjustment calculated, effective the date of return to his/her home position, based on the performance rating and percentage in the home position, as if acting assignment never occurred.

iii) Acting 3 or More Consecutive Months and Return Home During Performance Year:

If the SMG employee acted at a higher SMG level for **3 or more consecutive months in the performance year** and returned to his/her home position during the performance year, effective April 1, s/he will have his/her home salary adjusted up to MVR based on the performance ratings **and dollar amounts** received for each assignment, on a pro-rated basis. If time in home position was for less than 12 weeks (ineligible), the home position salary is adjusted up to MVR based only on the award calculated for actual time in the acting assignment. Any amounts above MVR are paid out as a lump sum.

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iv) *Acting 3 or More Consecutive Months and Returning Home After March 31:*

If the SMG employee acted at a higher SMG level for **3 or more consecutive months** in the performance year and returned to his/her home position in the following performance year, s/he will have his/her home salary adjustment calculated, effective the date of return to his/her home position, based on the performance rating and percentage in the **home** position, as if the acting assignment never occurred.

If time in the home position was for less than 12 weeks (ineligible), the home position salary is adjusted up to MVR upon return, based on the unused portion of the award calculated for the actual time in the acting assignment. Once the home position MVR is achieved, any remaining unused portion of the award is paid out as a lump sum.

Return from Acting – Salary and Incentive Treatment:

The incentive award is payable as a salary increase up to market value rate; any amount over and above that required to achieve market value rate is payable as a lump sum pay out. In the case where a senior manager continues to act in the following performance year and whose home position salary is at MVR, the employee would receive a prorated lump sum, effective April 1 of the following performance year, based on the period of eligible time at the MVR salary, in the home position. The balance of the lump sum would be payable to the employee once s/he returned to her/his home position.

Please note: *In long term acting cases where the senior manager's home salary is below MVR, but in all likelihood would have progressed to MVR, if it not for the acting assignment, the home salary is automatically adjusted to MVR upon return to the home position.*

c) Permanent Promotion after Acting

In the event that a senior manager, who acts at a higher level SMG position, is subsequently confirmed at that level, the salary remains the same as when first appointed to the acting position and the eligibility criteria for the incentive award program apply.

i) Permanent Promotion occurs after March 31

Treatment of Incentive Award for Prior SMG Assignment

During the acting assignment, any eligible incentive award for the prior home position assignment would have been pro-rated for the time in the home position and applied as an increase to the home position salary, with incentive amounts above the home position MVR paid out as a lump sum. Upon permanent promotion within SMG or to MCP, the balance of the pro-rated SMG home position incentive award is paid out as a lump sum.

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d) Acting Assignment - transfer from non SMG class to SMG class

Individuals acting in a SMG position are eligible for a performance rating, provided that:

- (1) they initially have been in the acting position 3 or more consecutive months in the performance year; and,
 - (2) there is a performance management plan in place.
- i) *If individual returns to an MCP or PEGO position prior to April 1, dollar value of SMG incentive award earned is to be applied to base salary of the MCP or PEGO position, on a pro rated basis. If this award, combined with their MCP or PEGO award brings salary above range maximum, a lump sum award is payable. If home position is in another compensation group (OPSEU or AMAPCEO), dollar value of SMG incentive award earned to be calculated, pro- rated, and paid as a lump sum.*
- ii) *If individual continues to act in SMG position beyond April 1 of following performance year, pro-rated incentive award earned will be used to adjust the ongoing acting SMG base salary up to MVR. If individual returns to home position prior to the next April 1, and was not eligible for a performance award in the home position in the previous performance year, home salary is adjusted up to range maximum upon return (MCP and PEGO), based on unused portion of award calculated for actual time in the acting assignment -- (if OPSEU or AMAPCEO, unused portion of award is paid out as a lump sum).*

Individuals with a professional designation, as defined in Section 8.9 (Pay Administration Policies), which have a higher maximum salary than the market value rate of the SMG position, must select to either be included in the SMG compensation program or retain the salary and classification of their home position. This selection must be made at the time of appointment.

e) Acting Assignment – to classification with lower maximum salary

If a senior manager undertakes a temporary SMG assignment in a class with a lower maximum salary and the standard pay administration policies have been applied, the senior manager shall be treated for incentive purposes in the acting position. If prior Public Service Commission approval has not been obtained to deviate from the standard pay administration policies and the senior manager continued to receive the salary of the higher home position classification, the senior manager is **not eligible** for incentive consideration while acting in the lower classification.

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f) Lateral Assignment within the SMG classification

If a senior manager has moved from one SMG position to another on a lateral basis, performance management plans are required for each position occupied for two months (60 days) duration or more, within the performance year. Each performance management plan must be evaluated by the appropriate supervisor. The incentive award will be calculated by the home ministry, incorporating the appropriate pro-rated incentive award related to each assignment. *(All work in “home” position during the performance year is deemed to be one assignment covered under one performance management plan – adjusted as required)*

If the assignment is for less than three months (12 weeks), the calculation of the award must be based on the rating received for the longer/longest assignment at the same level without penalty.

g) Leaves of Absence under the *Employment Standards Act, 2000* – including Pregnancy, Parental and Family Medical Leave

i) Incentive Award Adjustment to Salary (Applicable to Salaries up to Market Value)

In accordance with the *Employment Standards Act, 2000 (ESA)*, an individual who is absent from the workplace due to a leave under the *ESA* for some or all of the performance year for which s/he would be evaluated, will have his/her performance rated with respect to the time s/he was at work. Subject to the eligibility criteria *(a performance agreement in place)* and provided the award is an increase to base salary up to MVR, the award is to be applied as if the individual had worked throughout the leave *(i.e., for the full 52 weeks)*.

ii) Lump Sum Incentive Award (Applicable to Salaries at or above Market Value Rate)

The *Employment Standards Act, 2000* does not apply to the lump sum incentive award, which is considered to be a “bonus”. If the employee’s salary is at or above MVR, s/he is only eligible for a pro-rated lump sum award for the period of time actually worked. The senior manager is not eligible for any lump sum award for the period of the leave.

h) Leave of Absence With or Without Pay - e.g. educational leave, self-funded, or dependent care.

Individuals who avail themselves of leaves of absence with or without pay are to, in conjunction with their supervisor, review and revise their performance plans to reflect the leave. Subject to the eligibility criteria, any incentive award will be pro-rated to recognize the leave of absence. For leaves without pay, increase to base pay up to MVR will be payable upon return to their Ontario Public Service position. Lump sum

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payments for leaves without pay and salary adjustments for leaves with pay will be processed in the normal manner.

i) Short Term Disability or Sick Leave

Individuals who are unable to meet the key commitments documented in the performance management plan due to an extended absence of three months (12 weeks) or more are to review and revise their performance management plan with their supervisor to reflect the leave. Subject to the eligibility criteria, performance awards will be prorated to recognize the leave of absence. For absences less than three months, the calculation of the award must be based on the rating for the assignment without penalty.

j) Leave of Absence With Pay – External Secondment

Senior managers who accept assignments external to the Ontario Public Service are not eligible for the incentive award program for the period of time that they are on the secondment, unless participating in a Centre for Leadership and Learning (CFL) corporately coordinated program. **Prior CFL approval** of all secondment agreements must be obtained regarding salary treatment and entitlements during the external secondment and upon return to the Ontario Public Service.

k) Dismissal

A senior manager who is dismissed for cause or while on probation (under section 34 or 37 (2) of the *Public Service of Ontario Act, 2006*), is not eligible under any circumstances at any point in time for an incentive award regardless of length of time in position during the performance year.

l) Resignation

A senior manager who voluntarily resigns **prior to the end of the performance year** will not be eligible for any performance incentive award.

A senior manager who qualifies for a performance rating for the full performance year and resigns on **the last working day of the performance year** is eligible for an incentive award. The award will be applied against base salary, and only amounts above the MVR of the performance year salary range will be paid out as a lump sum.

Where a senior manager exits the workplace prior to the end of the performance year, but tenders a resignation where the effective date is on or beyond the end of the performance year, and remains on payroll converting **only current vacation credits (excludes any time banked credits) and MCO days** up to or beyond the end of the performance year, all time up to the end of the performance year will be deemed eligible for incentive award purposes.

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m) Dismissal for Certain Reasons (Disposition of Work, Surplus – Section 39 PSOA), Death, Retirement, Dismissal Without Cause (Section 38 (1) PSOA)

An SMG employee who:

- accepts an offer of employment where a ministry has negotiated a disposition/transfer of ministry work to the private or broader public sectors, **OR**
- elects retirement, **OR**
- is the home incumbent of a position that has been declared surplus, **OR**
- is dismissed without cause, **OR**
- dies

is eligible for a pro-rated incentive award. The employee must:

- meet eligibility requirements as outlined in 5.3; and,
- have a performance management plan in place for each SMG assignment of 3 months (12 weeks) duration or more.

An SMG employee may remain on payroll by converting termination payments and time banked credits, however, ***only current vacation credits (excludes any time banked credits) and MCO days*** up to the end of the performance year will be deemed eligible for incentive award purposes.

The incentive award will be applied against base salary, and ***only*** amounts above the MVR of the performance year salary range will be paid out as a lump sum, and not be considered for calculation of severance, legislative entitlements or pension.

n) Fixed Term, Term Classified Fixed Term, or Regular Part Time Staff

Individuals who are appointed under individual fixed term contracts, term classified fixed term contracts, or on a regular part time (RPT) basis are eligible for similar salary treatment as permanent staff. With fixed term and term classified fixed term staff, any incentive increases (to be incorporated as part of salary, or paid out in lump sum pay out) must be calculated on base salary, exclusive of pay in lieu of benefits. For regular part time employees, the incentive award is applied to the full time salary from which the RPT ratio is derived. If employee is eligible for lump sum payment, it is to be paid as a ratio of RPT.

o) Waiver of Incentive Award

In the event that a senior manager declines to accept an incentive award, the senior manager must sign a waiver that this is his/her intention. *(Should this situation arise in your ministry, please contact your Executive Services Consultant at the Centre for Leadership and Learning for assistance.)*

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QUESTIONS AND ANSWERS

Corporate and Ministry Incentive Allocation:

Q1. *What are the factors that the government considers in determining the amount of the corporate envelope?*

A. The decision regarding the threshold of performance and the amount of the corporate incentive envelope is the prerogative of the Premier and Cabinet each year.

Cabinet sets the corporate incentive envelope based on key corporate performance criteria set annually.

Q2. *I understand that different ministries may receive different incentive envelopes, based on performance and the complexity of their mandate. If I am in one of the smaller ministries, does that mean I will be eligible for a smaller incentive award?*

A. First, the size of the ministry, measured either in budget or staff numbers, is not an indicator of the complexity of their mandate. Secondly, depending on the corporate agenda, ministries may move from one category to another in any given year.

The performance ratings matrix provides limits to individual awards. Ministries which contribute to corporate results, versus those that have a critical impact, will have a smaller incentive envelope to allocate. Senior managers who have the same performance rating (e.g. "Fully Effective") will receive a different percent increase, to reflect the different level of contribution of the ministries to the achievement of the corporate agenda.

Q3. *How much flexibility has the ministry in awarding increases?*

A. The ministry may determine, after reviewing the level of individual achievements, to allocate incentive awards that use up to the full amount of the ministry's approved allocation. The ministry cannot exceed the approved allocation amount.

The ministry may not adjust the amounts determined by the approved Incentive Matrix, and decide to give a smaller amount to more people, or a larger amount to fewer people.

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Q4. Does this mean the ministry can decide not to use the full envelope?

A. Yes. Ministries may decide to allocate less than the full amount available to them. They may not, however, exceed the Ministry Allocation amount.

Q5. Will Commission public bodies manage the compensation program through a separate incentive envelope?

A. No, Commission public bodies are included in ministry envelopes. The Deputy Minister and the Head of the Commission public body will consult on performance ratings, and the Deputy will include these ratings in the report to the Secretary of Cabinet.

Special Incentive Provisions

Q6. How is it that some ministries and/or individuals receive additional incentives?

A. Each year, the Premier and the Secretary of the Cabinet may recognize significant corporate priorities/initiatives and the exceptional contribution of ministries, groups or individuals through an enhanced incentive award. These awards may or may not be approved for any given year.

Individual Performance / Incentive Award

Calculation of Increases:

Q7. Could you provide me with an understanding of how my increase will be determined? I am an SMG1, Ministry A, rated as having Critical Impact on Corporate Results and Meeting all Commitments. I am currently on secondment to Ministry B, rated as Substantial Impact on Corporate Results and Meeting all Commitments. My assessment at Ministry A, for 4 months, was Outstanding, and at Ministry B, for 8 months, was Fully Effective. My current salary is \$92,000.

A. The calculation would be prorated to reflect the period of time at each of the different ministries. The performance award would be calculated on the basis of the Ministry Incentive Matrix for the period of time you were in each ministry.

Secondment agreements are to articulate salary arrangements. In some instances, the ministry to which the individual is seconded journals back the salary cost. In others, the home ministry continues to pay the salary, and therefore any incentive awards.

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Ministry	Ministry Rating Based on Min. Factors	Individual's Performance Rating	Individual's Time in Position	Calculation of Increase
A	Critical Impact and meets Ministry Rating = 11%	Outstanding = Ministry Matrix = 10%	4 months (1/3)	10% prorated for 4 months: $\$92,000 \times 10\% \times 1/3 = \$3,067$
B	Substantial Impact and meets Ministry Rating = 10%	Fully Effective = Ministry Matrix = 7.5%	8 months (2/3)	7.5% prorated for 8 months: $\$92,000 \times 7.5\% \times 2/3 = \$4,600$
			4 + 8 = 12 months	Total Increase $\$3,067 + \$4,600 = \$7,667$

Note: Total increase cannot exceed 10% for an individual at the SMG 1 or 2 level.

Q8. How is the incentive award calculated in the case of a Senior manager (Director, salary \$123,500) acting at a higher SMG classification level (Acting ADM, acting salary \$140,350):

i) May to June?

This does not meet the minimum time required to be eligible for an incentive award at the higher level. This individual would be eligible for performance evaluation and incentive award based on their performance at the Director level as if the acting assignment never occurred.

ii) Mid-January to beyond March 31?

This does not meet the minimum time required to be eligible for an incentive award at the higher level. This individual would be eligible for performance evaluation and incentive award based on their performance at the Director level as if the acting assignment never occurred.

iii) May to August?

Since this meets the criteria for 3 or more consecutive months performance at the higher level, the performance rating, and pro-rated dollar amount for this period of time, will be incorporated with the dollar award at the Director level to determine the salary adjustment at the Director level.

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iv) December to some time beyond March 31?

Performance at the higher classification level (3 or more consecutive months) is evaluated with a pro-rated increase calculated based on the salary in the acting assignment. Performance in the home position (greater than 12 weeks) is evaluated, and the incentive award is calculated as if the acting assignment never occurred, with the adjusted new salary payable upon return. Any lump sum amount determined for the home position would be pro-rated for the actual time in the home position during the performance year, and paid out when the current year's awards are paid; the balance of the lump sum amount would be paid out upon return to the home position.

v) May to some time beyond March 31?

Performance at the higher classification level (3 or more consecutive months) is evaluated with a pro-rated increase calculated based on the salary in the acting assignment. Performance in the home position (less than 12 weeks) is not eligible for an incentive award. Upon return to the home position, unused portion of award from higher acting assignment would be applied to adjust the home position salary up to MVR. Any amount above MVR is to be paid out as lump sum immediately. (Assuming acting assignment individual rating of "Fully Effective" = 5%, the acting salary increase would be calculated as $\$140,350 \times .05 \times 48/52 = \$6,478$) If Director continues to act as ADM for 26 weeks before returning to home position, s/he has realized 50% of the \$6,478 award as the award was applied to the continued acting salary. As a result, the unused portion of the award to be applied to the home salary is \$3,239. \$2,250 is required to bring home salary of \$123,500 up to MVR of \$125,750. The amount above MVR ($\$3,239 - \$2,250 = \$989$) is to be paid out as a lump sum immediately upon return to the home position.

Q9. What about an Acting SMG1, whose home position is in a non-SMG class, who has been acting for less than 3 continuous months, but more than 3 total months?

- A. The individual is not eligible, as s/he has not been acting at the SMG 1 level for three or more consecutive months during the performance year. (Reference: Section 5.3 - Eligibility Criteria) On return to the non-SMG position, the home class pay administration policies apply.

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Anomalies:

Q10. *How will the incentive awards be determined for EDC approved organization structures that serve more than one ministry, such as shared services and cluster organizations?*

A. Where the reporting relationship is to more than one ministry, performance will be assessed by each manager, and any incentive award will reflect each ministry's performance rating. Also, there may be a Corporate element involved where factors have been established to weigh contributions between Ministry Clusters and Corporate initiatives.

Q11. *How do the special provisions required by the Employment Standards Act, 2000 impact the incentive award in the case of:*

SMG1 base salary of \$98,000, on combined Pregnancy and Parental Leave of 10 months?

Performance must be evaluated based on the period of time at work (2 months within the performance year). Assuming a ministry rating of 10% and employee performance rating of "Fully Effective" (these commitments must be consistent with the ability to achieve during the 2 months at work), the salary adjustment would be calculated as: $\$98,000 \times .075 = \$7,350$. The maximum amount available to achieve market value is $\$101,450 - \$98,000 = \$3,450$. The adjustment to base salary of $\$3,450$ would be processed. Any additional amount – $\$7,350 - \$3,450$ or $\$3,900$ **would not** be paid out as lump sum. The employee would be eligible for a pro-rated lump sum payout for the time s/he is at work (2 months), an amount of $\$650$ in this case.

Q12. *How does a ministry manage the situation of an SMG employee assigned to another ministry, and whose home position no longer exists?*

A In terms of pay administration, the manager in the receiving ministry will assess performance based on the receiving ministry's incentive envelope. The ministry, which is paying the salary, is responsible for the payment of the incentive award.

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Q13. An individual promoted to SMG1 in December, took Pregnancy and Parental Leaves at the beginning of March. This leave expired the end of December, and the individual then took short term sick leave, and returned to work beginning of the following May. How do we calculate the incentive award?

- A. If the individual's salary is below the market value rate, her performance must be assessed with reference to the time during which she was not on leave. Since this individual was not at the workplace or performing in a position during the entire performance year, performance assessment would be based on past performance. To the extent that this evaluation does not take the salary beyond the market value rate, the *Employment Standards Act, 2000* does not allow for pro rating for this period of time. **(See 5.5 g) - Leaves of Absence under the Employment Standards Act, 2000 – including Pregnancy, Parental and Family Medical Leave)**

For the period from January to March - Short Term Sick Leave - the policy outlined in Section 5.5 i) states that individuals who are unable to meet the key commitments due to an extended absence of three months or more are to review and revise their performance management plan to reflect the period of the leave. There is no eligibility for an incentive award for this period.

Calculation:

Base Salary, April 1: \$95,000

Performance Evaluation for period April 1 - December 31: Fully Effective rating;

Based on a Ministry rating of 10%, the individual is awarded 5%, prorated for 9 months = \$3,563

For the final quarter of the year, does not meet the eligibility criteria. No additional award.

Q14. An employee who was promoted to a position at the SMG1 class level during the performance year works regular part time hours. How is the incentive award calculated if the employee has nine months as SMG1 at an RPT salary of \$76,000, works RPT on the basis of 80% and receives a Fully Effective rating? The ministry has received a rating of 7.5% .

- A. This situation is treated as if the employee were full time where the new annual salary is then converted to reflect the regular part time hours.

Calculation:

Base salary April 1: Converted the RPT salary of \$72,000 to a full time salary equivalent of \$95,000 ($\$76,000 \times 1.25$).

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Performance Evaluation for period July 1 - March 31: Fully Effective rating

Based on Ministry rating of 7.5%, the senior manager is awarded 5.625% prorated for 9 months = \$4,008

New base full time salary = \$4,008 (incentive award) + \$95,000 (base salary) = \$99,008

New base RPT salary = \$79,206 based on the number of hours worked (\$99,008x 80%).

PLEASE NOTE: If the award, once applied to base salary, takes the employee's salary above MVR, the senior manager's base salary remains at MVR and the re-earnable salary award must be reduced to the ratio of RPT hours worked during the performance year in question and paid as a lump sum.

Q15. *An employee who was promoted to an acting position at the SMG3 class level in February is confirmed in the position the following September. His/Her SMG2 salary, prior to promotion was at MVR, for which s/he received a "Fully Effective" rating. What are his/her entitlements to the incentive award effective April 1st?*

- A. With the promotion to the acting assignment, the senior manager moved to the minimum of the SMG3 salary range. For the performance year in question, s/he had 10 months at the SMG 2 class level and 2 months at the SMG3 class level. Since the senior manager worked only 2 months at the SMG3 class level, s/he did not meet the 3 month eligibility criteria with respect to the SMG3 class for consideration for an incentive award in the performance year in question. However, for the 10 month period, the senior manager was at MVR and is eligible to be considered for an incentive award for his/her performance in his/her previous assignment. The award will be calculated as a percent of the previous salary, which was at MVR, prorated and payable effective April 1 of the following performance year.

- Please note:
1. If the senior manager's SMG2 salary had been below MVR, a calculation would be required to determine if the incentive award brought the lower level salary up to or above MVR. Any balance amount above the MVR of the lower level would be prorated and paid as a lump sum during the regular incentive award cycle.
 2. Had the employee not been confirmed at the SMG3 level and returned to his/her SMG2 position in September of the following performance year, then s/he would have been eligible to receive the balance of the lump sum payment for the SMG2 assignment

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(2 months). See 5.5 b) iv) Return from Acting – Salary and Incentive Treatment.

3. Upon confirmation to the SMG3 level position in September, the balance of the incentive award for the prior home position would now be paid out as a lump sum. This amount would be calculated as follows: The total value of the home position incentive award, pro-rated for time in the home position, less any amount paid out during the regular incentive award cycle.

Q16. *An employee who was promoted from PM20 (MCP) to an acting position at the SMG1 class level on April 20 of the previous performance year and continued to act until January 15. On January 16, the employee moved to another acting position at the SMG2 class level, which continued until April 30 of the new performance year. The employee was then reassigned back to the SMG1 acting position, which will continue for a number of months. Is this employee eligible for consideration of an incentive award for the previous performance year?*

- A. On April 1st of the new performance year, the employee continues to act as a senior manager at the SMG2 level. Unfortunately, s/he does not have the necessary 3 or more consecutive months in the SMG2 class and therefore is not eligible for an incentive award for this assignment.

However, when the employee is returned to the acting assignment at the SMG1 level, s/he is entitled to an incentive award. The principle to be followed is found in the “Return from Acting” policy where the employee acted at a higher SMG level for less than 3 months in the performance year. Applying this principle to the situation at hand, in the previous performance year, the employee worked more than 3 consecutive months at the SMG1 level, then moved to another acting assignment at a higher SMG class level and then moved back again to the original acting assignment. S/he is therefore eligible to be assessed and rated based on the SMG 1 assignment and the continuing acting SMG 1 salary would be adjusted.

There is one slight deviation from the policy, however. The policy indicates that the award would be applied as a result of the return to the lower class as if it were for the full 12 month period. But the MCP employee only started acting at the SMG1 class on April 20 of the previous performance year. (The individual was from a class outside of SMG.) Consequently, the incentive amount must be calculated on the rating received for the performance in the acting SMG1 position for the period from April 20th to the end of the performance year (52 weeks less approximately 3 weeks) and it will be applied effective May 1 of the new performance year when s/he is returned to the acting SMG1 assignment.

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Q17. A senior manager at the SMG1 class level is promoted effective January 1st of the performance year to a Director position at the SMG2 class level. His/her previous salary was at MVR. What is his/her entitlement to incentive?

- A. Since the senior manager has three consecutive months in the new SMG2 position, s/he has met the eligibility criteria and is therefore eligible for a prorated incentive award at the SMG2 class level.

Please note: In the case of a permanent promotion, work of at least three consecutive months at the former SMG level immediately preceding the promotion, will be eligible for a performance rating, provided the initial eligibility criteria outlined in section 5.3 has been met. The incentive award for the SMG1 class level will be paid out as a lump sum, pro-rated for the period of time at the former level.

Q18. How is the incentive award for a senior manager with a salary of \$155,000 per annum in the same position for the full performance year applied?

For senior managers earning \$150,000 or more per annum, incentive awards for the 2008-09 performance year will be pro-rated up to December 31, 2008 and applied at a maximum of 1.5 per cent to base salary, with any remainder paid as a one-time lump sum.

In the case of this senior manager, the incentive award is pro-rated for the period of April 1 to December 31, 2008. 1.5 per cent is applied as a salary increase providing for a new base salary of \$157,325 per annum. The balance of the incentive award is paid out as a lump sum amount.