

Provide the information required for each section. Refer to the [Broader Public Sector Executive Compensation Guide](#) for additional instructions and assistance with completing this form.

A. Compensation Philosophy	Provide information on the designated employer's compensation philosophy including details on how the executive compensation program supports the employer's strategic objectives and what the program, including its approach to performance-related pay, is designed to reward.
B. Designated Executive Positions	List all designated executives at the designated employer. If applicable, indicate the class or category of each designated executive position as it relates to the salary and performance-related pay structure in the executive compensation program.
C. Salary and Performance-related Pay Caps	
Comparator Selection %	Provide information on the comparators used to benchmark salary and performance-related pay at the designated employer for each designated executive position or class of positions. Provide a rationale for the chosen comparators.
Comparative Analysis Details %	Provide information on the percentile used to benchmark the salary and performance-related pay cap for each designated executive position or class of positions. Additional information on the methodology used to determine salary and performance-related pay can provide useful context.
Structure %	Provide information on the salary and performance-related pay cap for each designated executive position or class of positions. Additional information on the salary ranges and performance-related pay structure can provide useful context.
D. Salary and Performance-related Pay 'Envelope'	Provide the sum of salary and performance-related pay paid to designated executives for the most recently completed pay year. In addition, provide the maximum rate of increase to the salary and performance-related pay envelope. Additional information on why changes are necessary and how they were determined can provide useful context.
E. 'Other Elements of Compensation	<p>Provide information on any proposed compensation elements, other than salary and performance-related pay, that would be provided to designated executive positions or classes of positions but that are not generally provided in the same manner and relative amount to non-executive managers.</p> <p>Include rationale outlining the critical business reasons that justify the provision of each proposed element of compensation.</p>
F. 'Supplemental Information	Provide any additional information required to support or explain the information included in the executive compensation program.

Provide the contact information of the person completing this program. %

Contact Information

Organization (Full Name)

[Ontario Arts Council](#)

Completed By

Last Name

[Small](#)

First Name

[Nina](#)

Middle Initial

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Job Title

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A. Compensation Philosophy

Provide information on the designated employer's compensation philosophy including details on how the executive compensation program supports the employer's strategic objectives and what the program, including its approach to performance-related pay, is designed to reward.

As an agency of the Ontario Ministry of Tourism, Culture and Sport, the Ontario Arts Council ("OAC") was established in 1963 with a mandate to foster the creation and production of art for the benefit of all Ontarians. OAC plays an essential role in supporting the growth and success of the province's arts sector, and allocates public funds to the arts in a responsible and accountable manner through the provision of grants, awards and services to professional Ontario artists and not-for-profit arts organizations working in a variety of disciplines and areas.

OAC's operating budget is \$70 million in 17/18 and will be increased to \$90 million in 20/21, with the recent decision for OAC to manage an Ontario government grants program to engage seniors in the arts. For more than 50 years, the OAC has played a vital role in promoting and assisting the development of the arts for the enjoyment and benefit of Ontarians. In 2016-17, OAC funded 1,657 individual artists and 1,098 organizations in 212 communities across Ontario for a total of \$50.8 million.

OAC's organization-wide compensation philosophy is focused on attracting, retaining, and motivating talented employees and internal equity and fairness in the provision of rewards and recognition. Further to this, attracting, retaining, and motivating talented executive staff to successfully oversee and manage the organization's operations in order to achieve its mandate is a key pillar in OAC's executive compensation philosophy; avoiding excessive pay levels or other unwarranted compensation elements that would not otherwise be provided throughout the entire organization is another key pillar. This is in alignment with OAC's organizational principles of equity and fairness, and accountability for the use of public funds by containing organizational costs in order to provide the maximum possible benefit to the arts.

OAC benchmarks its compensation against an appropriately selected comparator market group in order to provide market-competitive total compensation for all executives. The selected market comparators are organizations of comparable type, size, and complexity, as well as work in or support of the arts, and are organizations where OAC would potentially recruit from and lose talent to. The benchmarking process allows OAC to determine appropriate salaries that will attract, retain and motivate exceptional individuals to lead the organization.

The compensation program is designed to align and reward executives in their commitment, contribution, and effort in support of the successful achievement of OAC's mandate, vision, values and strategic goals and also adheres to the principles of:

- Standardization: providing a consistent, evidence-based approach (i.e., research and consultation) to determine compensation;
- Balance: managing compensation costs while allowing OAC to attract, retain and motivate the talent necessary to deliver high-quality public services;
- Internal equity: providing rewards and recognition to executives similarly to other positions at OAC; and
- Transparency: enhancing the transparency of executive compensation decisions through public consultation and by making the compensation framework available on OAC's website.

OAC's Board of Directors has decided that the updated executive compensation structure will be benchmarked against the 40th percentile of market data of the selected comparator market's maximum total cash compensation, which is the sum of maximum base salary and maximum performance-related pay. In OAC's executive compensation program, executives' maximum salaries will be capped at the maximum of this rate, as determined by the comparator group market. Provided room is available in the pay and performance-related pay envelope, executives will be eligible to receive annual performance based merit pay increases, as long as performance targets are met, up to but not exceeding the maximum of the corresponding salary range. OAC's executive benefits package, including pension, insurance, health and dental plans, are provided in the same manner and relative amount to non-executive managers at OAC. Executives will not be eligible for other compensatory incentives not generally provided to non-executive managers.

B. Designated Executive Positions

List all designated executives at the designated employer. If applicable, indicate the class or category of each designated executive position as it relates to the salary and performance-related pay structure in the executive compensation program.

Full Job Title	Class of Position
E.g. Chief Operating Officer	E.g. VP-1
Director & CEO	CEO
Director of Finance & Administration	Director 1
Director of Granting	Director 1
Director of Communications	Director 2
Director of Human Resources	Director 2
Director of Research, Policy & Evaluation	Director 2

C. Salary and Performance-related Pay – Comparator Selection

Provide information on the comparators used to benchmark salary and performance-related pay at the designated employer for each designated executive position or class of positions. Provide a rationale for the chosen comparators.

Comparators 1

Executive Positions or Classes of Positions Benchmarked
CEO, Director 1, Director 2

Canadian Public Sector or Broader Public Sector Comparators

Organizations (e.g. Organization 1, Organization 2, Organization 3, etc.)

Art Gallery of Ontario, Canada Council for the Arts, Canadian Opera Company, Canada's National Ballet School, Conseil des arts et des lettres du Québec, Ontario College of Art & Design University, Ontario Media Development Corporation, Ontario Trillium Foundation, Shaw Festival Theatre Canada, TVOntario, The National Ballet of Canada, Toronto Symphony Orchestra

Positions or Classes of Positions (e.g. Chief Financial Executives)

CEO is compared to President, CEO, Executive Director roles; %

Director 1 is compared to Director, VP, and Chief-level roles related to finance and administration, core operations, % corporate services, granting and development; and %

Director 2 is compared to Director, VP, and Chief-level roles related to communications, public relations, marketing, % human resources, research, and partnerships. %

Rationale for Selected Comparators

The comparator organizations were selected based on the factors specified within the Executive Compensation Framework (the "Framework"):

- Scope of responsibilities of the organization's executives;
- Type of operations the organization engages in;
- Industries within which the organization competes for executives;
- Size of the organization; and
- Location of the organization.

OAC benchmarks its compensation against an appropriately selected comparator market group in order to provide market-competitive total compensation for all executives. The selected market comparators are organizations of comparable type, size, and complexity, as well as organizations that work in the arts or in support of the arts, where OAC could potentially recruit from or lose talent to.

OAC retained a consulting firm, Korn Ferry Hay Group, to research, analyze and provide compensation data. On OAC's behalf, the consulting firm requested salary information of 21 market comparator organizations that are primarily arts or grants-related organizations in the broader public sector, or that receive public funding for their operations, to which 12 responded. From the comparator group, OAC's executives were benchmarked against jobs with a similar job title, job requirements, and job responsibilities. Nine of the 12 organizations have an operating budget of less than \$100 million, the same range as OAC. Two organizations fall within the operating budget range of \$100 to \$249 million, and one organization is within \$250 to \$499 million - all three of these organizations engage directly in the same type of operations as OAC. The comparator group comprises 11 organizations within Ontario, three that provide grants and services to the arts, with one organization from Québec which performs the same granting function as OAC in its province. Of the Ontario organizations, nine are based in Toronto where OAC is located.

The designated employer received approval from the President of the Treasury Board to use private sector and/or % international comparators for these executive positions or classes of positions. %

C. Salary and Performance-related Pay – Comparative Analysis Details

Provide information on the percentile used to benchmark the salary and performance-related pay cap for each designated executive position or class of positions. Additional information on the methodology used to determine salary and performance-related pay can provide useful context.

The 12 comparator organizations were surveyed for compensation information and a comparative analysis was performed on the results for the purposes of benchmarking the salary and performance-related pay cap for each designated executive class. The results were used to determine the maximum compensation that OAC executives may earn.

The CEO, Director 1, and Director 2 classes were benchmarked against jobs with similar job titles and a similar nature of responsibilities and scope of portfolios. Survey respondents were asked to submit compensation data for comparable jobs based on the following job descriptions:

CEO class comprises:

1) Director & CEO: Reports to the Board of Directors, is responsible for ensuring the strategic direction and annual business plan is successfully implemented through leadership, management, and administration of the organization's key business functions. The role is also responsible for developing and maintaining government and stakeholder relationships

Director 1 class comprises:

1) Director of Finance & Administration: Reports to the Director & CEO and is responsible for the financial and administrative oversight of the organization through the implementation of financial policies, systems, and controls, and the management of accounting and payroll, procurement, operations, records management, information technology, and ensuring compliance with all relevant government legislation

2) Director of Granting: Reports to the Director & CEO and is responsible for leadership, direction and successful delivery of the organization's core business through creation and oversight of granting decisions, policies, systems, programs, outreach initiatives, and accountability, with all grants being used for the intended purpose

Director 2 class comprises:

1) Director of Communications: Reports to the Director & CEO and is responsible for the planning, implementation and oversight of the organization's communications activities, including issue management, social media channels, MPP and media relations, print and product development, and ensuring ongoing arts community and stakeholder awareness of OAC activities and programs

2) Director of Human Resources: Reports to the Director & CEO and is responsible for leading the human resources and equity functions of the organization through the implementation of policies, and the management of recruitment, compensation and benefits, organizational design, training and development, health and safety, labour relations in a unionized setting. This role is also responsible for ensuring compliance with accessibility legislation

3) Director of Research, Policy & Evaluation: Reports to the Director & CEO and is responsible for the research, policy and evaluation functions in order to assess, report and promote the effectiveness of the organization's programs and decisions, leads the strategic planning process and performance measurement activities, generates and commissions research reports on the arts, and provides data in response to public and government inquiries. This role is also responsible for meeting FOI/FIPPA and Open Data requirements

The maximum total cash compensation caps for all executives were established at the 40th percentile of the comparator group's maximum total cash (maximum base salary + maximum performance-related pay) for each grouped class of executives. As an example, for the Director 1 class, compensation data submitted for all roles related to the Director of Granting and Director of Finance & Administration were grouped together and the 40th percentile of the maximum total cash compensation was calculated to arrive at the salary and performance related pay cap. The salary range maximum is equal to the cap and the salary range minimum is set at 70% of the maximum. Performance-related pay, where provided, will be added to base salary and will not exceed the salary range maximum.

C. Salary and Performance-related Pay Structure

Provide information on the salary and performance-related pay cap for each designated executive position or class of positions. Additional information on salary ranges and performance-related pay structure can provide useful context.

Executive Position or Class of Positions	Salary Range Minimum (\$)	Job Rate (\$)	Salary Range Maximum (\$)	Target Annual Performance-related pay (% of Salary)	Maximum Annual Performance-related Pay (% of Salary)	Salary and Performance-related Pay Cap (\$)
E.g. President	E.g. 200,000	E.g. 220,000	E.g. 240,000	E.g. 7.5	E.g. 10	E.g. 264,000
CEO	\$196,630		\$280,900	2.0	7.5	\$280,900
Director 1	\$112,280		\$160,400	2.0	7.5	\$160,400
Director 2	\$104,020		\$148,600	2.0	7.5	\$148,600

D. Salary and Performance-related Pay Envelope

Provide the sum of salary and performance-related pay paid to designated executives for the most recently completed pay year. In addition, provide the maximum rate of increase to the salary and performance-related pay envelope. Additional information on why changes are necessary and how they were determined can provide useful context.

Sum of Salary and Performance-related Pay for the Most Recently Completed Pay Year (\$)	Maximum Rate of Increase to Envelope (%)
\$827,935	5.0

Rationale for the Proposed Maximum Rate of Increase:

In determining the proposed maximum rate of increase, OAC has considered all of the factors outlined in section 3.3 of the BPSEC Framework Regulation. Although all the factors were considered, some factors were given more attention due to data availability and/or relative impact on OAC's executive compensation needs and organization-specific circumstances.

The following factors, in no particular order, were the primary determinants:

- Factor 1: The financial priorities and the compensation priorities of the Ontario Government as indicated in the most recently published 2017 Ontario Budget.
- Factor 2: Recent executive compensation trends in the part of Ontario's and Canada's Broader Public Sector industry that OAC competes for executives. OAC's executive salaries are at the low-end or near the minimum of the comparators' salaries. In order to remain competitive OAC needs to adequately pay its executive talent.
- Factor 3: Percentage of OAC's Operating Budget used for executive compensation as compared to the comparator organizations. Such information on total executive compensation spending is not yet publicly available at this time. This data will be more readily available for the development of subsequent executive compensation programs, as information regarding executive salary and performance-related pay envelopes will be provided in public-facing executive compensation programs. OAC as a steward of public funds aims to keep its total administrative and services budget below 13% of its operating budget.
- Factor 4: The effect of compression and inversion of compensation between executives and non-executive manager salary ranges on attracting and retaining executive talent.
- Factor 5: Significant expansion in OAC's operations, such as the implementation of OAC's on-line granting system, and the development of new granting programs as a result of a \$30 million increase to OAC's base budget phased in over four years through fiscal year 20/21, which includes the administration of targeted funds for special programs to engage seniors in the arts and the Indigenous Culture Fund.

Currently, OAC's executive compensation is significantly lower than the market comparators, with all executives' compensation around 25% below the median of the market, based on actuals. It is OAC's goal to compensate executives competitively within the comparator market. The 5% maximum rate of increase to the envelope would allow OAC to take modest steps towards appropriate alignment of pay with the comparator market for its fully trained, competent and experienced executives. In doing so, this will support OAC's compensation philosophy of attracting, retaining and motivating talented executives and recognizing the valuable experience, skill sets, and commitment that OAC's executives provide in supporting the successful achievement of the agency's mandate, vision, values and strategic goals. The new salary ranges, performance related pay ranges, and proposed maximum rate of increase to the envelope would allow OAC to attract and compensate candidates with desirable skills and experience to the organization going forward.

Note: In accordance with the Broader Public Sector Executive Compensation Guide, OAC may elect to adjust the salary caps once every pay year, beginning one year after the program is in effect, by the lesser of:

- The rate of increase in salary and performance related pay provided to the designated employer's non-executive managers in the most recent pay period
- The provincial public sector wage trend set out in the Ontario Budget, the Economic Outlook and Fiscal Review or the public documents of the Crown in right of Ontario, the Cabinet, the Treasury Board or the Management Board of

E. Other Elements of Compensation

Provide information on any compensation elements, other than salary and performance-related pay, that would be provided to designated executive positions or classes of positions but that are not generally provided in the same manner and relative amount to non-executive managers.

Include rationale outlining the critical business reasons that justify the provision of each element of compensation.

Element of Compensation

n/a

Positions or Classes of Positions

n/a

Rationale

n/a

F. Supplementary Information

Provide any additional information required to support or explain the information included in the executive compensation program.

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