

Human Rights Legal Support Centre

Executive Compensation Program

Introduction

The Province of Ontario has implemented a new legislation about executive compensation in the Broader Public Sector. The legislation requires all Ontario Broader Public Sector (“BPS”) employers to provide written disclosure of their compensation programs for employees in an executive or senior leadership role within the organization and receiving over \$100,000 in cash compensation for a calendar year. The executive compensation program must include the following components:

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The HRLSC’s plan was developed in accordance with the [Broader Public Sector Executive Compensation Guide](#) to meet the requirements of the Government of Ontario’s [Broader Public Sector Executive Compensation Act](#) and related [Regulation](#).

Submission and Approval Process

All organizations covered by the legislation were required to submit their proposed executive compensation program no later than September 29, 2017, to the overseeing Minister. The Human Rights Legal Support Centre (“HRLSC” or “the Centre”) filed their draft executive compensation program to the Ministry of the Attorney General (“Ministry”) by this deadline and the Ministry provided feedback to the HRLSC.

The HRLSC’s draft executive compensation program has been granted tentative approval from the Ministry/Treasury Board Secretariat and we are now seeking to gather feedback from the public by posting this plan on our website for a minimum of 30 days.

If you wish to comment on the program, please email rcanoarana@hrlsc.on.ca by January 29, 2018. Following this consultation period, the HRLSC will publish an overview of the comments along with the final executive compensation program once it is approved by the Ministry of the Attorney General, the Treasury Board Secretariat and the HRLSC’s Board of Directors.

Background

The HRLSC is an independent agency funded by the Government of Ontario to provide legal services to individuals who have experienced discrimination. It provides advice and information on a telephone inquiries line, assists individuals to file human rights applications and provides legal representation to human rights claimants at mediations and hearings at the Human Rights Tribunal of Ontario.

The HRLSC's vision is to be a leader in advancing equality, in protecting human rights and in supporting every person's right to live and work with dignity and respect and reflects 4 core values: Substantive Equality, Accessibility, Excellent Quality of Service, and Transparent and Consultative Process. The HRLSC's most recent strategic directives include:

- Advancing Equality Through Legal Advocacy;
- Building Access to Legal and Support Services; and
- Championing Ontario's Human Rights System.

Every year, the HRLSC provides legal information and advice in response to more than **25,000 inquiries**, conducts about **2,500 legal interviews** and takes on hundreds of legal cases for representation at mediations and hearings. The HRLSC focuses on achieving settlements for clients, settling more than 400 cases annually at all stages of the human rights enforcement process.

The demand for access to public legal services for human rights claimants has been steadily increasing over the past five years. The HRLSC strives to maximize the services it provides within its budget. Service capacity is increased through flexible service models and IT innovation. For example, the HRLSC offers unbundled legal services, which divides the entire legal service package into parts and allows services to be tailored to client needs. This approach also supports efficient case management and maximizes the number of clients served. Also, a paralegal group has been created to handle initial, early stage interviews, which enables lawyers to handle more mediations and hearings and has resulted in more cases being settled.

Since the HRLSC deals with sensitive, often emotionally charged human rights matters, it is crucial to follow human rights trends closely in Ontario, Canada and internationally. The Centre must stay informed and be flexible and nimble in addressing unpredictable issues and responding in real-time with legal and public relations strategies. This adds significant complexity to the leadership responsibilities.

To help address the complexity and demands of its operations, the HRLSC has focused on establishing and maintaining flexible compensation practices, designed to attract and retain incumbents who embody and reflect the core principles, culture, and the strategic needs of the organization rather than simply reviewing external market data and attempting to match the potential earnings offered by larger institutions or the private sector.

HRLSC by the Numbers (2016):

- Provided legal information and advice in response to 25,389 inquiries by 15,842 individuals;
- The number of inquiries received has increased by 3.7% over the previous year;
- Provided in-depth legal services to 2,378 individuals; and
- Settled 425 cases; resulting in monetary settlements of more than \$3 million and personal remedies for clients, as well as broader public interest remedies, such as policy changes.

Compensation Philosophy

An organization's executive compensation philosophy enables the Board and leadership team to make consistent, practical decisions within a compensation framework, rather than face each pay decision in isolation.

The HRLSC's approach to executive compensation decision-making will be guided by the following principles:

- Ensuring the HRLSC can attract and retain diverse leadership candidates who support the achievement of immediate operating goals and long term strategic objectives;
- Motivating and rewarding leaders/executives who are flexible, responsive and capable of delivering a consistently high quality public service with very limited resources;
- Establishing and maintaining appropriate compensation levels, aiming to pay executive and leadership management positions at the mid-point of the range or moderately above;
- Establishing and maintaining a flexible executive compensation plan that gives HRLSC to ability to pay at levels necessary, considering organizational, market, service or other circumstances such as retention or succession requirements;
- Maintaining internal equity, where the range of monetary compensation between highest paid employee and lowest paid employee for a similar job level is minimized;
- Recognizing the importance of finding the right fit for HRLSC's requirements in terms of the organization's culture, values and principles;
- Supporting the HRLSC's employment equity and diversity and inclusion goals; and
- Adhering to the principles of the legislation:
 - **Standardization:** providing a consistent, evidence-based approach through research and consultation to determine compensation across the broader public sector
 - **Balance:** managing compensation costs while allowing organizations to attract and retain the talent necessary to deliver high-quality public services
 - **Transparency:** enhancing the transparency of executive compensation decisions in the broader public sector through public consultation and by making the compensation framework available on a public website.

Decisions regarding executive compensation will be made by the HRLSC's Board of Directors and will consider current and long term costs and sustainability.

Designated Executive Positions

The HRLSC has assembled a strong leadership group to ensure it can deliver exemplary services while remaining committed to the Centre's fundamental organizational values. An effective legal services provider must also strive to create an organization that enables a strong, collaborative approach between the provision of legal services, management and administrative operations to deliver an outstanding public service.

The Board of Directors determined the following three (3) HRLSC leadership positions to be designated executive roles:

- Executive Director
- Legal Director
- Chief Administrative Officer

Salary and Performance-related Pay Caps

Comparator Selection

The Broader Public Sector Executive Compensation Guide sets out the following factors to be used to select organizations that were similar to the HRLSC:

- 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.

Based on those factors, the following twelve (12) organizations were determined to be appropriate comparators:

Table 1 - Selected Comparator Group

City of Toronto (Legal Services Department)	Office of the Independent Police Review Director
Health Force Ontario	Office of the Worker Adviser
Human Rights Tribunal of Ontario	Ontario Human Rights Commission
Legal Aid Ontario	Public Services Health and Safety Association
Ministry of the Attorney General	Workers Health and Safety Centre Federation of Ontario
Office of the Employer Adviser	Workplace Safety and Insurance Appeals Tribunal

The group represents a balanced sample of organizations that are both smaller and larger than the HRLSC. The selection criteria is explained further below.

- Organizations that provide direct legal services, such as representing clients in legal proceedings, including attending hearings and mediations and negotiating settlements were considered appropriate comparators.
- Organizations that provide education services on expert subject matter were also considered suitable comparators.
- Primarily operating on an inquiries/complaints basis in the services industry was a factor considered when selecting comparators.

- Organizations with core operations that require professional designation, preferably Juris Doctor Degree, were considered appropriate.
- Most organizations within the comparator group have an annual budget of \$50 million or lower although a few larger organizations were included in the comparator group. These larger comparator organizations were considered to be highly relevant comparators because they provide legal services in the public or broader public sector and are an important draw on HRLSC's executive talent. The HRLSC has in fact drawn executives and senior staff from and lost staff to these larger comparator organizations. In order to account for the size differential, the HRLSC positions were only matched to positions one or more levels below the top role in the larger organizations.
- The median annual budget of the comparator group was \$14 million, compared to HRLSC's \$6 million annual operating budget. Ideally, the median budget for comparators would be the same as or very close to the HRLSC's budget. However the specialized nature of the HRLSC's work limited the number of public and broader public sector comparators available. The comparator organizations matched the HRLSC in the areas of type of operation, scope of responsibilities of executives and industries in which the HRLSC competes for executives.
- The selected comparator organizations are primarily located in GTA or a nearby region.

A relevant number of comparable positions from these organizations were matched to each HRLSC executive role. Comparable positions are those that are similar with respect to essential competencies (knowledge, skills, abilities), and share similar levels of complexity and accountability.

Job Match Analysis

Across the group of comparator organizations the HRLSC's positions were benchmarked against (or compared to) jobs with similar job content and scope of responsibilities. Matches were determined using the job descriptions of the HRLSC's executive roles compared to similar positions in the comparator organizations; positions were deemed similar or equivalent in terms of job's scope/responsibility, qualifications, reporting structure, and other relevant factors. These comparisons were based on information provided to the HRLSC directly from the comparator organizations, information that was publicly available and information from third party compensation consultants.

If a match for a particular HRLSC position was deemed unsuitable (i.e. less than 80% overlap in job content, responsibilities and accountability) it was excluded from the comparator positions for that HRLSC position. Not all comparator organizations had positions that compared to the HRLSC's executive positions.

Comparative Analysis Details

Market values for each position in the comparator group were established. The market values were based on the maximum salary available in the comparator organizations for each role. The median value or 50th percentile of this total cash compensation of the comparator positions became the pay cap for the HRLSC executive positions.

Table 2 shows the positions found in comparator organizations that matched robustly to HRLSC positions, the maximum compensation for the comparators and the 50th percentile of those maximums.

Table 2 – Comparator Group Match Summary by Position

Executive Director	Legal Director	Chief Administrative Officer
Executive Director (CC5D)	Counsel Senior (CC3)	Chief Administrative Officer (SMG2)
Vice-President	Associate General Counsel Director General Director Lawyer Services and Payments	Manager, IT, Business and Application Delivery Services Manager, IT Operations Director, Corporate Services Planning and Strategic Initiatives Manager, Human Resources
Associate Chair	Deputy Director (CC5A)	Chief Operations Officer (SMG2)
Director (CC5D)	Director Legal Services	Chief Operations Officer (SMG2)
City Solicitor	General Counsel / Manager, Central Client Services Unit	Manager, Office of the Employer Adviser Services
Director / General Counsel	Tribunal Counsel	Director, Information and Technology Services Director, Human Resources and Administration
Tribunal Executive Director du Tribunal	Managing Director	Manager, Field Services Manager, Information Technology Manager, Logistics
Executive Director	Legal Counsel (CC3)	Director, Corporate Affairs
Executive Director		Director, Finance and Administration
President and CEO		Director, Business and Fiscal Planning (SMG2)
Director of legal services (CC5D)		
Maximum compensation for the above positions: 155,216 – 232,498	Maximum compensation for the above positions: 151,467 – 219,274	Maximum compensation for the above positions: 109,796 – 181,670
50 th percentile: 209,015	50 th percentile: 194,314	50 th percentile: 136,00

Structure

The HRLSC’s existing job rating system was retained in determining the new pay structure. The HRLSC’s existing pay structure takes roles of similar value to the organization and groups them into a job class or job level. This is a common organizational practice used to manage compensation for positions at all levels. Table 3 shows all management levels at the HRLSC, including all the designated executive positions covered in this program.

Table 3 - Executive Compensation Structure

Pay Levels	HRLSC Executive / Management Positions by Level
10	Executive Director
9	Legal Director
8	Manager, Legal Services (Non-designated Executive)
7	Chief Administrative Officer
6	Manager, Business/Client Services (Non-designated Executive)

Table 4 – Salary Ranges - Before Comparison

The table below shows the salary ranges for the executive positions before the market value comparison was done.

Executive Position or Class of Positions	Salary and Performance-related Pay Minimum	Salary and Performance-related Pay Mid	Salary and Performance-related Pay Cap
Executive Director	120,000	160,000	200,000
Legal Director	110,000	135,000	160,000
Chief Administrative Officer	81,256	99,700	118,145
Total	311,256	394,700	478,145

Table 5 – Salary Ranges - After Comparison

The table below shows the ranges after this job market value comparison was done.

Executive Position or Class of Positions	Salary and Performance-related Pay Minimum	Salary and Performance-related Pay Mid	Salary and Performance-related Pay Cap
Executive Director	125,400	167,200	209,000
Legal Director	129,500	161,900	194,300
Chief Administrative Officer	90,700	113,300	136,000
Total	345,600	442,400	539,300

Table 6 – Executive Pay Envelope

This table shows the sum of executive salaries for the current year and previous five years.

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Total Executive Compensation	380,805	380,805	387,505	387,505	404,805	377,000
Change each year		0%	2%	0%	4%	-7%

Total change over 6 years: -1.00%

6 year average change: -0.13%

Salary and Performance-related Pay Envelope

Compensation decisions are guided by the HRLSC's compensation philosophy, reflective of its organizational values, and determined by fiscal realities and the challenge of sustaining a quality public service with a budget that has not changed since 2008. The most significant factor in determining the rate of increase to the executive pay envelope will be funding constraints.

The current total pay envelope for designated executives is \$377,000 and the HRLSC proposes to set the maximum rate of increase to this pay envelope up to 3.5% annually. Executives will be eligible to receive annual base salary increases, provided room is available in the salary and performance-related pay envelope, until the executive reaches the job class maximum or pay cap in Table 5.

In determining the maximum rate of increase, HRLSC has considered five factors as required under the Broader Public Sector Executive Compensation Guide. Although all the factors below were considered, some were given more attention due to data availability and/or relative impact on the HRLSC's executive compensation needs and any organization-specific circumstances.

- The financial and compensation priorities of the Ontario Government.** The HRLSC's current salary envelope is well below the middle of the salary ranges (or job rates), indicating that the HRLSC may need to provide reasonable increases to retain and, as necessary, attract executive talent. In this context a potential maximum 3.5% rate of increase is reasonable and reflective of the government's Broader Public Sector Executive Compensation priorities, outlined in the 2017 provincial budget, of attracting and retaining the necessary executive talent to deliver high-quality services to the public.
- Recent executive compensation trends in the part of the Canadian public sector and broader public sector that is in the industry within which the HRLSC competes for executives.** Base salary increases in the broader public sector averaged 2.2% in 2016 in Canada and are projected to increase by 2.3% in 2017¹.
- The percentage of HRLSC's operating budget used for executive compensation as it related to the comparator group organizations.** While the HRLSC periodically monitors executive and non-executive compensation in its comparator organizations and industry trends in the broader public sector, there is limited data available regarding the percentages of operating budgets that are used for executive compensation.

¹ Compensation trends and strategies for 2017, Korn Ferry Hay Group

- **The difference between the salary and performance-related pay range for executive positions and the salary and performance-related pay ranges for the employees or office holders who directly report to those positions.** Internally, there is currently a small amount of compression or overlap in the HRLSC salary structures between the salary ranges of non-executive managers and executives. A 3.5% maximum increase will support the HRLSC's ability to remain reasonably competitive with its comparator group and prevent further compression.
- **Significant restructuring undertaken by the organization.** While there are no current plans for significant restructuring, the HRLSC has expanded its mediation services and takes on additional programs, when viable, to enhance client services.

Other elements of compensation

The HRLSC does not offer any of the following compensation elements to its executives:

- signing bonuses,
- retention bonuses,
- cash housing allowances,
- paid administrative leave, or
- payments or other benefits provided in lieu of perquisites.

Identical benefit packages are provided to executives and non-executive managers at the HRLSC, and thus the HRLSC is in compliance with the legislation.

The legislation also requires that severance/termination pay, including pay in lieu of notice of termination and severance pay, not exceed a maximum of 24 months of base salary. Currently, the HRLSC negotiates these terms on a case-by-case basis, and will ensure compliance with the new regulation.

Reminder: commenting on this document

If you wish to comment on this program, please email rcanoarana@hrlsc.on.ca by January 29, 2018. Following the posting and consultation period, the HRLSC will publish an overview of the comments along with the final executive compensation program.