

Undertaking #1

MPI to provide the average merit performance pay provided to out-of-scope staff for the last fiscal year, how many got it, and total amount.

RESPONSE:

Further to the response provided to *PUB (MPI) 1-72*, in-scope staff at MPI are paid based on a step progression. The pay plan within the collective agreement includes 6 steps for every pay range. Each year, on their increment date, staff members progress to the next step, until they reach the maximum of the range. Each step (or increment) is worth 3.5%.

In contrast, out-of-scope staff members are paid based on a pay for performance program, rather than a step progression. Annual merit pay for out-of-scope staff is determined considering the performance rating and the placement of the salary within the salary range. Those who are the maximum of the salary range are eligible for a merit paid in lump sum should they receive a high enough performance rating.

The average merit increase provided to out-of-scope staff in fiscal year 22-23 was 2.45%. 366 out-of-scope employees were eligible for merit pay. The total amount paid in merit pay was \$ 863,368.

MPI has been reviewing and maturing compensation practices for the past several years, starting with a project regarding out-of-scope (OOS) compensation in 2018, which resulted in the implementation of pay for performance program for OOS employees.

Prior to 2018 MPI's pay practices for OOS were more similar to the in-scope pay practices.

In-Scope Pay Administration

As background, annually there are two wage adjustments that in-scope staff are eligible for:

- a) General Wage Increase (determined through collective bargaining)

b) Step Progression (3.5%)

Each in-scope pay grade has 6 steps, with each step worth 3.5%.

Employees progress to the next step annually on their increment date, until they reach the maximum of the pay grade.

In 2022/2023, 641 in-scope employees received an increment worth 3.5%.

Our current collective bargaining offer includes a 7th step to increase every pay grade by 3.5% and enable those at the maximum of the pay grade to receive an additional 3.5% increase.

Out-of-Scope Pay Administration

Annually there are two wage adjustments that OOS staff are eligible for:

- a) General Wage Increase (approved by board of directors, follows the collective agreement)
- b) Pay for Performance (merit pay)

Prior to 2018, OOS staff progressed through pay ranges with a 4.5% increase annually until they reached the maximum of the pay range.

Pay for performance was implemented in 2018 where a matrix of performance ratings and salary position is used to determine merit pay.

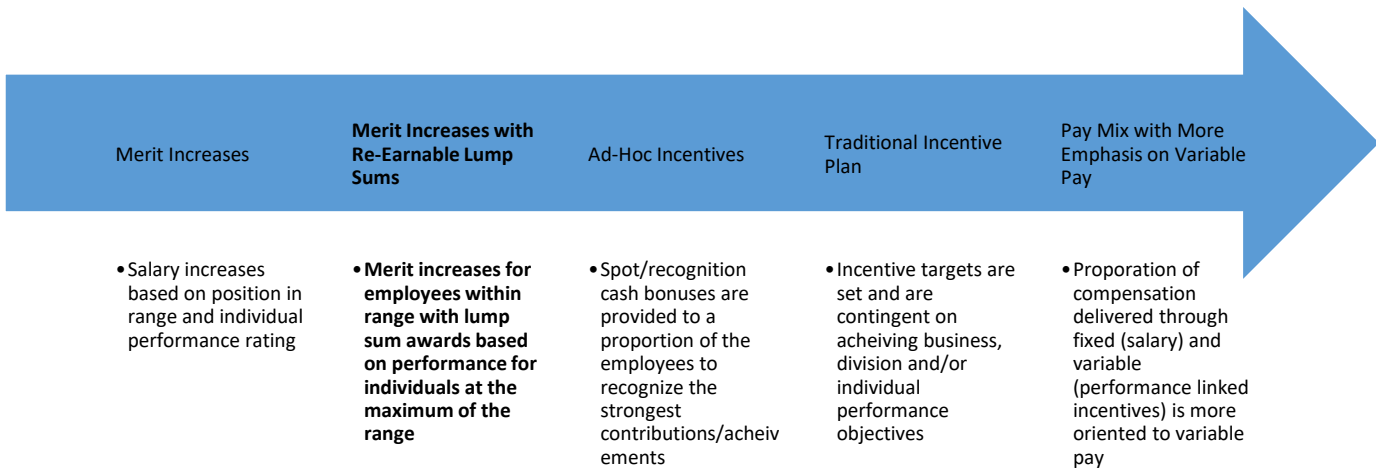
Salary increases are between 0% and 5%, depending on performance rating, salary position within the range.

In 2022/2023, 366 OOS staff were eligible for a merit increase. The average merit provided was 2.45%.

If a salary is at maximum of range, a lump sum payment is provided (rather than salary adjustment).

Pay for Performance Practices

There is a spectrum of pay for performance options that organizations may utilize as part of their pay for performance program.



MPI's pay for performance program falls on the left-hand side of this spectrum – specifically, merit increases with re-earnable lump sums.

As noted above, merit pay is determined based on salary placement within the range and the performance rating. A merit matrix is used to determine the salary increase between 0-5%. If the salary is at the maximum of the range, the merit pay is paid in a lump sum.

There are no *ad hoc* incentives, traditional incentives or variable pay incentives included in MPI's pay for performance plan.

MPI competes for talent with many organizations that offer additional types of incentive pay on top of base salary.

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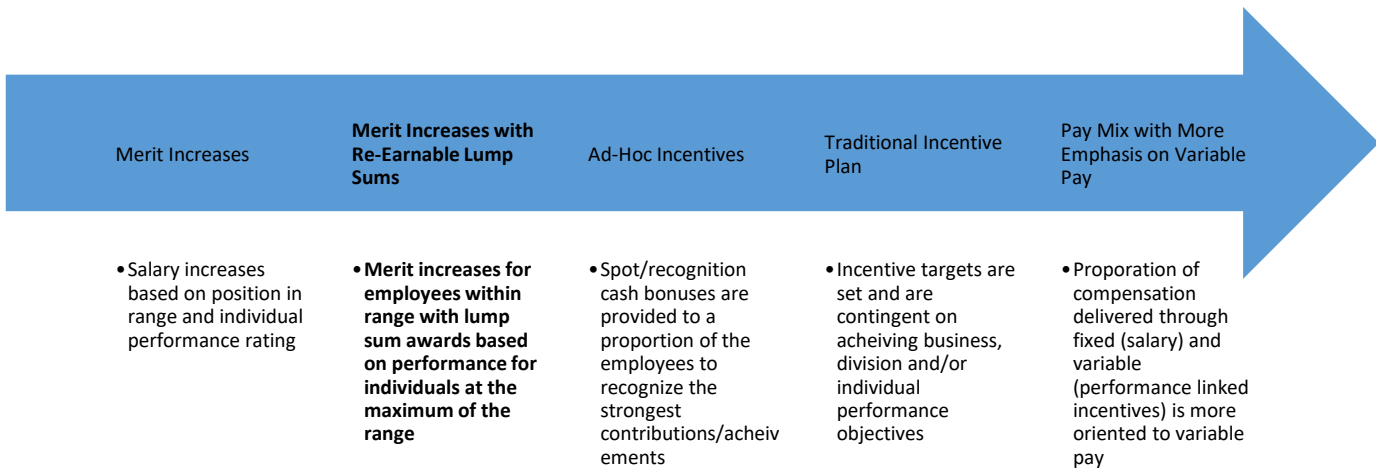
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