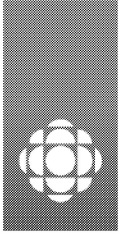




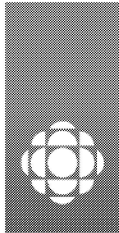
2016 BASE SALARY PLANNING BUDGET

TO:	Board of Directors Human Resources and Governance Committee (HRGC)
MEETING:	March 22-23, 2016
FROM:	Josée Girard, Vice-President, People & Culture
PURPOSE:	Approval of the 2016 base salary planning budget for non-unionized employees
DATE:	February 15, 2016



CONTEXT

- At the March 2013 Board, a 3-year compensation strategy was approved to address market gaps for Management, Confidential and APS employees in order to be competitive in the attraction and retention of key talent. The average market gap at the time was
- The annual base salary planning budgets are calculated as follows:
 - a percentage increase based on the Treasury Board budget (if given) or a percentage the Corporation is able to provide;
 - an additional percentage for salary growth (equivalent to the annual average union step increase) applied:
 - to a subset of eligible employees who are solid performers below the mid-point of their pay band;
 - as retention for key employees and recognition for high performers;
 - an additional percentage for specific market adjustments.
- Growth budget was provided to APS employees in 2014 and 2015 in their collective agreement negotiation from 2013 –

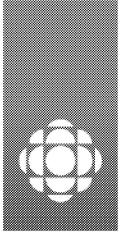


CONTEXT (CONT'D)

s.18(a)
s.18(b)
s.21(1)(b)

- Budgets were approved
- |

	Treasury Board Funding	Market Forecast %	Salary Planning Budgets Approved							Salary Budget Actual Spend	Cummulative estimated gap to market
			PB8+ Base %	PB7 and below			APS				
			Base %	Base %	Growth %	Total %	Base %	Growth %	Total %		
June 2013	0.00%	2.80%									
June 2014	2.00%	2.60%									
June 2015	0.00%	2.60%									
June 2016 <i>for approval</i>	TBC	2.66%									



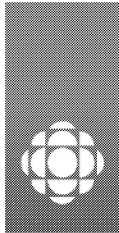
CONTEXT (CONT'D)

- Given the small planning budgets, '
-
- In order to remain competitive in attracting and retaining talent, the Corporation's remuneration philosophy aims to offer



KEY DECISION ELEMENTS

- For employees PB8 and above, including SET members, provide a base salary planning budget of .
- For employees PB7 and below, provide a base salary planning budget of
-



KEY DECISION ELEMENTS (CONT'D)

s.18(a)
s.18(b)

s.21(1)(b)

Employee Group	# of employees	Total of Base Salaries	Proposed Base Salary Budget		Proposed Growth / Market Adjustment ²		Total Proposed Budget	Health Care Fund (0.1%)	Effective Date
		\$	%	\$	%	\$	\$	\$	
SET ¹									January 1, 2016
EXECUTIVE									
SM									
MANAGEMENT PB8-PB10									June 13, 2016
MANAGEMENT PB7 AND BELOW & CONFIDENTIAL EMPLOYEES									
Total Budget									
APS (for information only)									June 13, 2016

Data as of January 10, 2016. Based on active segments in noted affiliations.

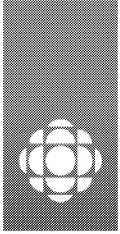
Excludes employees who may become eligible upon return from leave, or hired prior to end of fiscal year.

¹ Excludes Hubert T. Lacroix and interim VP Strategy & Public Affairs.

² Typically used for employees whose salary is below mid-point or where particular market conditions exist; Growth budget represents of total base salaries.

³ Average of Union agreements as negotiated in the collective agreement for APS.

⁴ Estimated cost of anniversary increases based on forecast reports for 2015-2016 fiscal year.



KEY BENEFITS AND RISKS

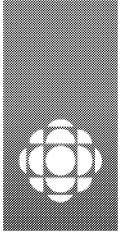
- Benefits:

- Will help reduce turnover for key employees and associated replacement costs.



- Risks:





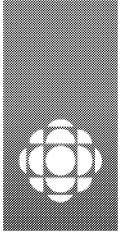
SUCCESS MEASURES





RESOLUTION

- That the Human Resources and Governance Committee recommend to the Board of Directors that the 2016 base salary planning budget for non-unionized employees be approved as presented.



NEXT STEPS





APPENDIX 1 – COMPENSATION PHILOSOPHY AND OVERVIEW

s.18(b)
s.21(1)(b)

Compensation Element	EXECUTIVE COMPENSATION		NON-EXECUTIVE COMPENSATION	
	Actual Market Position ¹	Desired Market Position	Actual Market Position ²	Desired Market Position
Target Total Compensation ³				
Base Salary				
Short-Term Incentive (STIP)				
Target Total Cash ⁴				
Long-Term Incentive (LTI)				
Benefits				
Pension				
Executive Benefit				
Salary Range Mid-Point				
Peer Comparator Companies				

- Short-term incentive plans are a key component for of our peers.



APPENDIX 2 – 2016 BASE SALARY MARKET FORECASTS

s.18(b)

s.20(1)(b)

s.21(1)(b)

- Canadian corporations are forecasting healthy salary increase budgets for 2016 of between

2016 NATIONAL FORECAST - INCLUDES ZEROS		
	MANAGEMENT	EXECUTIVE
Source		
Aon		
Conf. Board		
Hay Group		
Mercer		
Morneau		
Towers Watson		
World At Work		
Average		

2016 NATIONAL FORECAST - EXCLUDES ZEROS		
	MANAGEMENT	EXECUTIVE
Source		
Aon		
Conf. Board		
Hay Group		
Mercer		
Morneau		
Towers Watson		
World At Work		
Average		

Includes zeros: companies who gave 0% salary increases are included in the average;
Excludes zeros: companies who gave 0% salary increases are excluded in the average