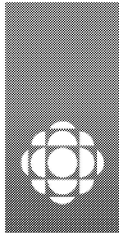




2015 BASE SALARY PLANNING BUDGET

TO:	Board of Directors Human Resources and Governance Committee (HRGC)
MEETING:	March 25-26, 2015
FROM:	Roula Zaarour, Vice-President, People & Culture
PURPOSE:	Approval of the 2015 Base Salary Planning Budget
DATE:	March 13, 2015



CONTEXT

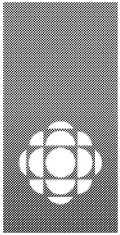
s.18(a)
s.18(b)

- At the March 2013 Board, a 3-year compensation strategy was approved to address market gaps for Management, Confidential and APS employees. The average market gap for this group was
 - The methodology to establish annual base salary planning budgets was calculated as follows:
 - Total base salary planning budget = Treasury Board % (or Corporation increase %) + growth % (equivalent to the annual average union step increase) + specific market adjustment % if required
 - Growth percentage applied to a subset of eligible employees:
 - Who are below the market reference zone or who have been in a job for are solid performers, and are below market range mid-point
 - As retention for key employees and recognition for high performers
 - Specific market adjustment percentage applied to specific roles impacted by strong market competitiveness.



CONTEXT (CONT'D)

- The market gap for 2015 is estimated to be
 -
- Market forecasts for 2015 base salary increases are between 2.6% and 3.1%.



KEY DECISION ELEMENTS

- For employees PB8 and above, including SET members, provide a base salary planning budget of _____ for all employees who are eligible for the Short-Term Incentive Plan (STIP).
- For employees PB7 and below, implement the 3rd year of the 3-year compensation strategy: base salary planning budget of _____



KEY DECISION ELEMENTS (CONT'D)

Employee Group	# of employees	Total of Base Salaries	Proposed Base Salary Budget		Proposed Growth / Market Adjustment ²		Total Proposed Budget		Effective Date
		\$	%	\$	%	\$	%	\$	
Executive ¹									January 1, 2015
SM									June 15, 2015
Management PB8 - PB10									
Management (PB7 and below) & Confidential employees									
	TOTAL								
APS (for information only)									June 15, 2015

Data as of February 22, 2015. 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.

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 2014-2015 fiscal year. May decrease due to terminations.



KEY BENEFITS AND RISKS

■ Benefits:

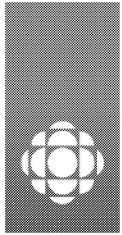
- Reduce turnover for key employees and associated replacement costs.



- Support the Corporation's ability to attract and retain talented employees, especially in times of significant change and workforce adjustment.

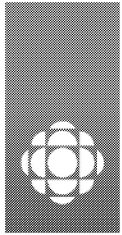
■ Risks:

- Operating budget impact with no additional funding.



SUCCESS MEASURES

- Compensation is not in the top 5 reasons employees leave the Corporation.
- Reduced demand for out of cycle base salary increases.



RESOLUTION

- That the Human Resources and Governance Committee recommend to the Board of Directors that the 2015 base salary planning budget be approved as presented.



APPENDIX 1 – 2015 BASE SALARY MARKET FORECASTS

2015 Forecasts				
Source (<i>publication date</i>)	Average Structure Adjustment	Average Budget (includes zeros)	Average Budget (excludes zeros)	Operations & Production
Morneau Shepell (<i>October 2014</i>)				2.6% ^A
Mercer (<i>September 2014</i>)	2.2% ^B		3.0%	3.0% ^B
Hay Group (<i>October 2014</i>)	1.7% ^A	2.6%	2.7%	
Conf Brd Canada (<i>October 2014</i>)	1.7% ^A	2.9%	3.0%	2.7% ^A
Towers Watson (<i>October 2014</i>)	1.7% ^A	3.0%		2.7% ^A
AON Hewitt (<i>October 2014</i>)				3.0% ^A
TechEdge (<i>October 2014</i>)		3.0% ^C		2.6% ^C

^A Includes zeros

^B Excludes zeros

^C Not specified whether zeros included or excluded

- Canadian corporations are forecasting healthy salary increase budgets for 2015 of between 2.6% and 3.1%; the Public sector is reporting 2.2% to 2.7%.



APPENDIX 2 – GAP TO MARKET QUANTIFIED

- Based on an analysis of 2014 compensation market data and 2015 forecasts from several sources¹, CBC/Radio-Canada’s average base salaries now lag the market median salary by overall, an improvement of from the 2013 average market gap of

	GAP TO MARKET		
	2013	2014	2015
Management			
Confidential			
APS			

1 2014/2015 market data sources: Mercer Benchmark Database, Towers Watson Compensation Databank, Canadian Bar Association sponsored survey.