



FAQ - DIRECT COMPENSATION

CAT II Questions

Q.1 What is the CAT II Compensation Review project?

A.1 As per the CEO's direction, the CAT II Compensation Review project was launched to review CAT II non-Unionized employees' direct and indirect compensation.

Q.2 Why is the CAT II Compensation Review being done?

A.2 Over the past 10 years, the CAT II employee group did not receive any salary adjustments or increases other than the occasional cost of living adjustment. The CAT I employee group received regular salary increases and adjustments due to the collective bargaining process, and provincial minimum wage and cost of living increases. This situation has created a gap between CAT I and CAT II salary increases which resulted in a number of issues, such as compression* between the last level of the CAT I salary grids and the first level of the CAT II National Pay Grid leading to difficulties attracting and retaining qualified talent for CAT II positions.

*Compression is the reduction of the difference between a Manager's hourly rate at the maximum of their pay band VS the hourly rate at the maximum of the pay band of their direct report.

Q.3 What are the outcomes of the CAT II Compensation Review project?

A.3 The direct compensation results of the review are a grid adjustment of 4% of the annual base salary for all CAT II employees.

Q.4 When will the grid adjustment be effective? Will it be retroactive?

A.4 This grid adjustment will take place on April 1st, 2019 and will not be retroactive.

Q.5 What criteria were considered in order to determine the percentage of the grid adjustment?

A.5 The Employer looked at several factors and conducted extensive research with an aim to:

- respond to differences in past salary increases between CAT I and CAT II employees;
- include the impact of minimum wage increases in some provinces, for which CAT II employees are not eligible;



- address certain compression issues between the employee's rate of pay in the last levels of the CAT I pay grids and their direct supervisors paid in the CAT II national pay grid; and
- improve our competitive position in the market and our ability to recruit and retain qualified CAT II employees.

Q.6 Who is eligible to receive the grid adjustment increase?

A.6 All CAT II employees paid on the national pay grid are eligible to receive the grid adjustment increase with some exceptions listed below.

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Q.7 I am currently acting/seconded in a CAT II position. Will I receive this grid adjustment on my acting salary and will it be back dated to the start of my acting/secondment period?

A.7 Acting/seconded employees will also receive the grid adjustment increase and it will not be backdated to the beginning of the acting/secondment. The grid adjustment will be as of April 1st, 2019 going forward only.

Q.8 I completed an acting/secondment in a CAT II position earlier in the year. Will I be entitled to a retroactive adjustment for the time I was in my acting/seconded position?

A.8 There will be no retroactive payment for past acting/secondment into CAT II positions prior to April 1st, 2019.

Q.9 I am currently under the salary protection program and receiving my economic increase as a lump-sum payment. Am I eligible for this grid adjustment and, if so, how will it be applied in my situation?

A.9 If your current salary remains above the new maximum of your range after this grid adjustment, you will not be eligible for the grid adjustment.

If the new maximum is above your current salary, your salary will be adjusted in consideration of the new maximum of your pay level.

Q.10 I am currently red-circled and I am not entitled to salary increases. Am I eligible to this grid adjustment and, if so, how will it be applied in my situation?

A.10 If your current salary remains above the new maximum of your range after this adjustment, you will not be eligible for the adjustment.

If the new maximum is now above your current salary, your salary will be adjusted in consideration of the new maximum of your pay level.



Q.11 I am currently grandfathered in my position. Am I eligible for this grid adjustment, and if so, how will it be applied for my situation?

A.11 As a grandfathered employee, your terms and condition of employment are protected as long as you remain in your current position and as such you will receive the grid adjustment.

Q.12 I am a CAT II employee working at NATEX. Am I eligible to receive the grid adjustment?

A.12 NATEX employees are not paid from the national pay grid; therefore, the grid adjustment does not apply to NATEX employees. Salary increases for NATEX employees are determined by the Collective Tariff Agreement of the host country.

Q.13 Is the grid adjustment increase based on my specific CAT II employment status?

A.13 All CAT II employees (full time/part time/casual and temporary) are eligible for the grid adjustment increase.

Q.14 Will the grid adjustment increase be pro-rated for the time in a pay band?

A.14 The grid adjustment is not pro-rated for time in the pay band. Only the in-range increases are pro-rated.

Q.15 If I am not at the maximum of my pay range, will I still receive the up to 3% in-range increase?

A.15 CAT II employees who are not at the maximum of their range will receive the appropriate in-range increase without exceeding the salary range maximum of their position.

Q.16 Will this adjustment replace the economic increase or will we also receive an economic increase (cost of living) on April 1st?

A.16 The grid adjustment does not replace the economic increase (cost of living). As per the Compensation Policy, the economic increase is determined by the CEO on a yearly basis based on several factors including the Consumer Price Index (CPI). The economic increase will be added to your salary after applicable in-range and grid adjustment.

Q.17 Will there be more grid adjustments in the future (next year for example) or is this meant to be a one-time adjustment only?

A.17 We have no other grid adjustment planned at this time but we will continue to monitor the situation.



Q.18 Where are the funds coming from to pay for the grid adjustment?

A.18 A proposal has been submitted to the Chief of Defence Staff to cover the costs for that portion of the salaries that is paid by Public funds, and the remainder comes from the Non-public funds generated by our business lines.



CAT I Questions

The following questions and answers are intended for the CAT I employee audience, the first three questions explained the CAT II Compensation Review project and how it relates to the CAT I employee group.

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Q.2 Why is the CAT II Compensation Review being done?

A.2 Over the past 10 years, the CAT II employee group did not receive any salary adjustments or increases other than the occasional cost of living adjustment. The CAT I employee group received regular salary increases and adjustments due to the collective bargaining process, and provincial minimum wage and cost of living increases.. This situation has created a gap between CAT I and CAT II salary increases which resulted in a number of issues, such as compression* between the last level of the CAT I salary grids and the first level of the CAT II national pay grid leading to difficulties attracting and retaining qualified talent for CAT II positions.

*Compression is the reduction of the difference between a Manager's hourly rate at the maximum of their pay band VS the hourly rate at the maximum of the pay band of their direct report.

Q.3 What are the outcomes of the CAT II Compensation Review project?

A.3 The direct compensation results of the review are a grid adjustment of 4% of the annual base salary for all CAT II employees.

Q.4 Will the grid adjustment apply to CAT I employees?

A.4 No, this increase is to target compression issues between the CAT I and CAT II as well as bringing parity between the percentages of past salary increases between CAT I and CAT II.

Q.5 I am a CAT I employee currently acting/seconded in a CAT II position under the National Pay Grid. Will I receive this grid adjustment on my CAT II acting/secondment salary?



A.5 If you are acting/seconded in a CAT II position and being paid on the National Pay Grid you will receive the increase for the duration of the acting/secondment position.