

Executive Compensation Framework For Public Consultation (DRAFT 3-27-2017)

Section 1 - Overview:

The Algonquin Forestry Authority (AFA) is the Ontario Crown Agency responsible for sustainable forest management in Algonquin Provincial Park. Responsibilities also include the harvesting and distribution of wood products to mills in communities adjacent to the Park.

AFA's activities are overseen by a Board of Directors. These individuals are primarily from local communities surrounding the Park and whose main interest is in the maintenance of Algonquin's unique values for future generations.

AFA has offices in Huntsville and Pembroke, employs a regular staff of 23 which includes six foresters, ten forest technicians, and a chartered accountant. The seasonal staff numbers up to 15.

With an operating budget of over \$20 million, the AFA is a complex operational enterprise that is self-funding and operates with complex political and environmental responsibility.

Section 2 - Compensation philosophy:

AFA's compensation philosophy guides the development of all compensation elements and is a key consideration in the development of AFA's Executive Compensation program.

AFA's compensation philosophy is comprised of 3 key principles:

- 1) To attract, retain, and motivate a quality workforce
- 2) To pay competitively within public service while remaining cost effective
- 3) To invest compensation dollars wisely with an emphasis on rewarding performance that reflects AFA's mission

Section 3 – Salary and Performance-Related Pay Caps

The cap established by the regulation are based on the salary plus performance pay (total compensation) in AFA comparator groups. The maximum compensation of these comparator positions was used to calculate a 50th percentile which is determined to be a cap on total compensation for the executive position. To ensure compliance with the regulation, our executive compensation was capped at the 50th percentile.

At the Algonquin Forestry Authority, there is only 1 designated executive, the General Manager position. The 50th percentile of the comparable data has a maximum compensation of **\$131,450 annually**. This will be the maximum compensation for this position which is equivalent to the current maximum. **There is no change to the maximum annual salary for this role.**

In consideration for inflationary increases during the pay freeze while maintaining prudent stewardship of public funds, the Algonquin Forestry Authority has elected to increase the General Manager salary by 4.5% annually over the next 3 years.

This salary change will be phased in as follows:

- Date of Executive Compensation Program implementation: \$120,328.42
- April 1, 2018 - \$125,743.20
- April 1, 2019 - \$131,450.00

Section 4 – Comparative Analysis Details

The requirement under the regulation was to determine a comparable position within at least 8 different organizations that are similar to the employer with respect to most of all of 5 the factors below:

- 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
- Location of the organization

Based on these factors, and with the help of an external consultant, the following 8 organizations and roles were identified:

- 1) Nawiinginkiiima Forest Management Corporation – General Manager
 - This operational enterprise and position is similar in all 5 factors as this corporation performs similarly sized forestry operations in a relatively nearby area
- 2) Ministry of Natural Resources and Forestry – Director, Forests Branch
 - This position is similar in scope of responsibilities and could be recruited for in a similar industry and is in a similar location
- 3) North Bay and Mattawa Conservation Authority – Chief Administration Officer
 - This position is similar in all 5 factors as this authority performs similarly sized conservation operations in a relatively nearby area
- 4) Agricorp – Director, Operations
 - This position is similar scope, type of operations (supporting agriculture), industry, and location
- 5) Upper Thames River Conservation Authority – General Manager
 - This position is similar in all 5 factors as this authority performs similarly sized conservation operations in a similarly rural area
- 6) Niagara Escarpment Commission – General Manager
 - This position is similar in all 5 factors as this commission performs similarly sized conservation operations in a similarly rural area
- 7) Ontario Northland Transportation Commission – Director of Operations
 - This position is similar in scope of responsibilities, size and location
- 8) St. Lawrence Parks Commission – General Manager
 - This position is similar in all 5 factors as this commission performs similarly sized conservation operations in a similarly rural area

At the Algonquin Forestry Authority, there is only 1 designated executive, the General Manager position. The 50th percentile of comparable data for the position using the most current rate structure information (2015) is a maximum **annual** compensation of **\$131,450**. This will be the maximum compensation for this position which is unchanged from the current maximum.

Section 4 – Other Elements of Compensation

The AFA executive **does not** receive any other special compensation. There are NO other elements of

compensation or benefits available to the executive that are not available to other members of the organization.