



# FORMAL REPORT

<b>To:</b>	Mayor Strathdee and Members of Council
<b>Prepared by:</b>	Lisa Lawrence, Manager of Human Resources
<b>Date of Meeting:</b>	14 November 2017
<b>Subject:</b>	<b>HR 06-2017 Compensation Program and Legislative Update</b>

## PURPOSE

The purpose of this report is to provide Council with information on upcoming legislation that, if passed, will have a significant impact on the Town's operating budgets.

## RECOMMENDATION

THAT Council receive report HR 06-2017 Compensation Program and Legislative Update for information.

## BACKGROUND

On June 1, 2017, the Government of Ontario introduced Bill 148, *Fair Workplaces, Better Jobs Act, 2017* (Bill 148). If passed, Bill 148 will amend the *Employment Standards Act, 2000* (ESA) substantially changing employment laws in Ontario.

Bill 148 immediately passed First Reading and was referred to the Standing Committee on Finance and Economic Affairs to be considered during the summer months. The Committee hosted province-wide public consultations in July. The Town submitted a written response outlining the potential impact of Bill 148 will have on its payroll budget. This letter was acknowledged by Mr. Kevin Flynn, Minister of Labour on September 14, 2017.

Bill 148 passed second reading and referred back to the Standing Committee to hold additional public hearings on October 30, 31 and November 2. The Town requested to speak at the public hearings however, was not selected to appear. Once the Committee has completed its review of the Bill, it will be sent back to the Legislative Assembly with any further amendments, ordered for third reading in the Legislative Assembly, and voted upon for a final decision. It is unknown if the additional public hearings will result in further amendments to the Bill or what the expected timeline might be. Several pieces of the legislation are scheduled to go into effect January 1, 2018. Below is a highlight of the major changes along with the impact on the Town of St. Marys.

## REPORT

### 1. Minimum Wage

Effective January 1, 2018 the general minimum wage will increase to \$14.00/hr. (from \$11.60/hr.) with an additional increase up to \$15.00/hr. scheduled for January 1, 2019.

The minimum wage for students under 18 (whose hours do not exceed 28/week) will undergo a similar increase to \$13.15/hr. on January 1, 2018 and \$14.14/hr. on January 1, 2019.

Once the minimum wage reaches \$15.00/hr. ESA will revert to annual increases each October based on changes to the Consumer Price Index.

Potential impact for St. Marys

Initial calculations indicate the 2018 payroll budgets will increase by approximately \$36,500 and a further \$30,700 for 2019.

## **2. Personal Emergency Leave (January 1, 2018)**

Under the current ESA legislation, employers who regularly employ 50 or more employees are required to provide up to 10 days of unpaid, job-protected leave each calendar year to account for absences related to illness, injury and certain other emergencies or urgent matters. Bill 148 removes the 50-employee threshold, prohibits employers from requiring an employee to provide a medical note to substantiate the need for the time off and adds the requirement for payment of the first two days of such leave. New employees will have to serve a one-week qualifying period before using such paid time.

### **Potential impact for St. Marys**

The Town's current practice is to grant paid sick/emergency days to full-time employees immediately. Part-time employees are entitled to three paid days/emergency days after meeting the eligibility criteria. Currently, casual and contract employees do not receive paid sick/emergency leave.

Bill 148 will grant all employees two paid days after serving only one week of employment. Initial calculations estimate this to cost approximately \$12,000/per year assuming full usage.

## **3. Scheduling (January 1, 2019)**

Employees will be entitled to either refuse a shift or refuse being "on-call," when the request is made with less than four days (or 96 hours) notice. This will not apply where the work is to deal with an emergency, to remedy or reduce a threat to public safety or for other prescribed reasons.

Employees will be paid for three hours of pay at their regular rate of pay when a shift is cancelled within 48 hours of its scheduled start. This obligation will not apply in certain cases beyond the employer's control (e.g. fire, power failure, storms) and where the nature of the employee's work is weather-dependent and the employer cannot provide work for weather-related reasons.

If an employee is "on-call" and is either not called in or called in for less than three hours of work, the employee will be entitled to three hours of pay at their regular rate of pay, per 24-hour "on-call" period.

After three months of service, an employee will be entitled to request a schedule or work location change without reprisal from the employer.

### **Potential impact for St. Marys**

This change has the potential to increase the Town's Public Works payroll budget by \$19,000/year.

Volunteer Firefighters receive a bi-annual stipend for standby pay. If Bill 148 passes as proposed, this would increase to three hours of regular pay for every 24-hour period they are on-call. The potential increase is approximately \$340,000/year.

Currently management staff are exempt from receiving on-call pay. Under the proposed legislation, it is unclear whether management staff who are expected to respond to emergency situations will be eligible for on-call pay.

## **4. Equal Pay for Equal Work (April 2018)**

Bill 148 will require employers to pay casual, part-time and temporary employees the same rates as full-time employees performing the same job for the same employer. Wage differentials will only be acceptable through an objective system such as seniority, merit or when earnings are measured through quality, quantity or other objective systems.

## Potential impact for St. Marys

The Town has an objective, job evaluation system, which evaluates jobs based on merit and a wage grid that allows employees to move up in wages based on performance. However, this has the potential to affect the Town by up to \$7,500/year.

### **5. Public Holidays Calculation (January 1, 2018)**

The calculation for public holiday pay will be revised to ensure that employees receive the regular wages they would have received on a regular workday. The new calculation divides the wages earned in the pay period immediately preceding the public holiday by the number of days actually worked by the employee. The new calculation ensures employees are paid for the same number of hours they typically work in one shift.

## Potential impact for St. Marys

This change will primarily affect the Town's part-time Team Members. Under the new calculations, the potential impact will be approximately \$26,000/year.

### **6. Other Changes**

Additional Changes that have lesser (or no impact) on the Town include:

- The ability to offer substitute holidays (for employees who work on public holidays) will remain in place with some changes to record keeping and documentation. Effective January 1, 2018
- Vacation entitlement will increase to three weeks of vacation after five years of service. This aligns with the Town's current practices. Effective January 1, 2018
- Parental Leave will increase from 35 to 61 weeks for employees who take a pregnancy leave and from 37 to 63 weeks for employees who do not. Effective January 1, 2018
- Pregnancy leave for employees who suffer a stillbirth or miscarriage will increase from six to 12 weeks after the loss. Effective January 1, 2018
- Family medical leave will increase from 8 weeks in a 26-week period to 27 weeks in a 52-week period. Effective January 1, 2018
- New Domestic Violence or Sexual Violence Leave of up to 10 days and 15 weeks after being employed for at least 13 consecutive weeks.
- New Crime-Related Child Death & Child Disappearance Leave of up to 104 weeks after the employee has served six months of employment with the same employer.
- Increased record keeping requirements.
- A new definition of "Employee" which specifically includes trainees.
- Elimination of blended overtime rates for employees with different jobs, at different rates for the same employer.

## **SUMMARY**

The purpose of this report is to give Council an update on proposed legislation that will significantly affect the Town's processes and its payroll budgets.

## FINANCIAL IMPLICATIONS

The above report presents various changes to employment legislation which may significantly impact the Town's payroll budgets. Assuming the legislation is passed as proposed, the increase to the payroll budgets over the next two years is illustrated in the table below:

	2018	2019
Minimum wage	\$36,500	\$30,700
Personal Emergency Leave	\$12,000	On-going
Scheduling	-	\$356,000
Equal Pay	\$7,500	On-going
Public Holiday Pay	\$26,000	On-going

## STRATEGIC PLAN

☒ Not applicable to this report.

## OTHERS CONSULTED

N/A

## ATTACHMENTS

None

## REVIEWED BY

### Recommended by the Department



Lisa Lawrence  
Human Resources Manager

### Recommended by the CAO



Brent Kittmer  
CAO / Clerk