



**Town of Aurora
Information Report**

No. CS17-030

Subject: Implications of the Provincial Government's proposed changes to employment standards legislation on the Town

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Department: Corporate Services

Date: September 19, 2017

In accordance with the Procedure By-law, any Member of Council may request that this Information Report be placed on an upcoming General Committee or Council meeting agenda for discussion.

Executive Summary

The Provincial Government has proposed a number of changes to employment and labour legislation that will have an impact on Town policies, procedures and budgets if the proposals are adopted into law. This report provides Council with an overview of the proposed legislative changes that will have an impact on the Town.

- Proposed minimum wage increases will have a significant impact on operating budgets in 2018 and 2019
- Proposed Equal Pay for part time, seasonal and casual staff doing similar work to full time employees will have minimal impact on Town operating budgets
- Proposed increased vacation pay entitlement will have no impact on full time employees and will create increased entitlement for part time employees, resulting in increased costs
- Personal emergency proposals will have minimal impact on Town policies and practices
- 3 hours pay for shifts cancelled within 48 hours of shift start time will have minimal impact on Town budgets
- The Town will ensure independent contractors are used appropriately by the organization

Background

On June 1, 2017, the Government of Ontario introduced proposed changes to Employment Standards legislation as a result of “Changing Workplaces Review.” The “Fair Workplaces, Better Jobs Act, 2017” (“Bill 148”) passed First Reading on June 1, 2017. In addition to a proposed increase in minimum wage to \$15.00 an hour, other changes may have an impact on organizational policies/practices. The Town of Aurora has employment policies in place that govern the employment relationship with Town employees and must comply with employment standards requirements.

The Standing Committee is scheduled to review the Bill throughout the summer, and may be passed when the Government reconvenes in the fall. In anticipation of these changes, the Town has reviewed the potential implications for Town policies.

Analysis

Proposed minimum wage increases will have a significant impact on operating budgets in 2018 and 2019

The Government of Ontario has proposed increasing minimum wage to \$14.00 an hour in 2018, and \$15.00 in 2019. Currently there are approximately 100 part-time positions at the Town being paid at or less than these rates.

Additionally there is a minimum wage increase scheduled for October 2017 (from \$11.40/hr to \$11.60/hr).

Historically the Town’s practice in addressing minimum wage increases has been to adjust the rates at the bottom of the salary schedules. However, this has led to compression of the salary bands, with the distinctions between bands becoming more narrow. It is anticipated that this will impact more than just those at or below the new minimum wages. At the high end, potential impact could be around \$541,000 additional costs to the operating budget in 2018, with further impact in 2019. This impact is the result of the applied 20% proposed minimum wage increase to the existing pay rates for the part-time wage scales. There is minimal impact to full-time staff costs, as this issue is primarily within the part-time pay structures. In order to address the impact of these increases, the Town will review the banding and distribution of rates.

Proposed Equal Pay for part time, seasonal and casual staff doing similar work to full time employees will have minimal impact on Town operating budgets

The Town is reviewing its job descriptions to identify where part time, seasonal or casual work is being done that is similar to full time positions, and will recommend adjustments to those rates on a go forward basis. It is anticipated that only a few positions may be impacted by this change.

Proposed increased vacation pay entitlement will have no impact on full time employees and will create increased entitlement for part time employees, resulting in increased costs

The Government of Ontario has proposed employees be entitled to three weeks of vacation (or 6% vacation pay) after five years of service (in addition to current entitlement of two weeks (or 4% vacation pay) after one year of service). The Town's policy provides for three weeks of vacation after one year of service for full time permanent employees. However, other than continuous full time employees (OTCFT) (not full time permanent employees) receive vacation pay in the amount of 4% on wages earned. If the government's proposal is passed in legislature, the Town would be required to provide OTCFT employees with 6% vacation pay after five years of service. This would translate into an additional cost of approximately \$21,000 in 2018.

Personal emergency proposals will have minimal impact on Town policies and practices

The Town's current policies for full-time staff will not be affected by this change, however Town policies would need to be adapted to provide for up to 10 personal emergency days for OTCFT employees (with two of those being with pay). Assuming that all OTCFT employees used their two new days of paid personal emergency leave in a year, the approximate cost to the Town in wages would be \$43,000.

3 hours pay for shifts cancelled within 48 hours of shift start time will have a minimal impact on operating budgets

The Government of Ontario has proposed that an employee be paid for three hours of pay if their shift was cancelled within 48 hours of the shift start time. Through careful scheduling practices, canceling shifts rarely happens by the Town, and is usually the result of emergency facility closure due to unforeseen events (such as significant inclement weather or other emergency.)

The Town will ensure independent contractors are used appropriately by the organization

The Government of Ontario has proposed to more closely scrutinize employer application of 'independent contractors' as independent contractors are not afforded the

same rights under Employment Standards legislation as employees are. The Town does use independent contractors in the delivery of a variety of services. The Town conducted a review of their use and contracts in 2011 and will undertake a further review of current cases where independent contractors are used and make any appropriate adjustments to their status as required.

Advisory Committee Review

Not applicable

Financial Implications

Should the government's proposals be adopted into law, the total impact on the operating budget with all considerations above would be \$605,000. Staff will continue to monitor the proposals as they continue through consultation and discussion at the provincial level. Staff will work to minimize the impacts these legislative changes will have on the Town. These costs will be incorporated into 2018 and 2019 operating budget submissions.

Communications Considerations

Should the proposed changes be adopted into law, Human Resources will communicate the associated policy and practice changes to staff through management.

Link to Strategic Plan

Supporting an exceptional quality of life for all.

Alternative(s) to the Recommendation

None.

Conclusions

Staff are reviewing Town policies and practices to ensure compliance with potential provincial legislative changes. Consideration for cost implications will be included in future operating budgets.

This issue was a significant concern of municipalities at the annual AMO conference in Ottawa. In response to the numerous issues raised, the Minister committed to review the legislation and minimize or eliminate the unintended consequences for municipalities. Changes are expected in the next draft of legislation.

Attachments

None

Previous Reports

None.

Pre-submission Review

CAO/Director of Finance review on September 5, 2017

Departmental Approval



Techa van Leeuwen
Director
Corporate Services

Approved for Agenda



Doug Nadorozny
Chief Administrative Officer