

# The Corporation of the City of Kawartha Lakes

## Council Report

Report Number CORP2017-013

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**Date:** April 18, 2017

**Time:** 2:00 p.m.

**Place:** Council Chambers

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**Ward Community Identifier:**

**Subject:** CUPE 855 Pay Equity

**Author/Title:** Liana Patterson, Corporate Services Manager, Human Resources

**Signature:** 

### Recommendation(s):

**RESOLVED THAT** Report CORP2017-013, CUPE 855 Pay Equity, be received;

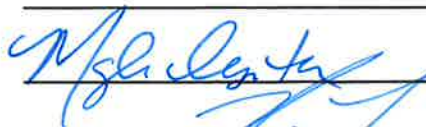

**THAT** the Treasurer transfer **\$384,540.90** from the **Human Resource Rate Stabilization Reserve, (Account 1.32040)**, **\$114,286.69** from the **Severance Reserve, (account 1.32220)** and **\$202,518.41** from the **Contingency Reserve, (account 1.32090)** to cover the maximum potential cost of the pay equity review associated with the 2015 and 2016 fiscal periods to the accrued wages account;

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**Department Head:**

**Corporate Services Director / Other:**

**Chief Administrative Officer:**

## Background:

The *Pay Equity Act* (the Act) applies to public sector employers and requires employers to identify and correct gender discrimination that may be present in their compensation practices and to adjust the wages of employees in female job classes so that they are at least equal to the wages of employees in male job classes when they are found to be comparable in value based on skill, effort, responsibility and working conditions.

The City has been engaged in a job evaluation / pay equity process with the CUPE 855 Bargaining Units (Inside/Outside) to maintain the previous plans established in 2008 and partially amended in 2012.

In addition to the organization's legislative requirement to provide female job classes with a rate of pay comparable to male job classes, we have considered the established a non-union policy that outlines our objective to maintain a pay policy that is internally equitable, externally competitive and pay equity compliant. The intent of the policy is to support and acknowledge the dignity and worth of each employee and to support retention of employees through a competitive compensation program.

This organization has a desire to obtain an Employer of Choice designation as outlined in the Corporate Strategy and to be a desired place to work within the community and among our other municipal competitors. Pay equity along with the wage adjustments made during the bargaining process are bringing this municipality closer to these objectives.

## Rationale:

The City's total cost to implement the agreed Pay Equity Plans for the period January 1, 2015 to December 31, 2017 is \$1,296,455. This figure includes payment to all employees who may have held positions within affected job classes at any time during that period as is required by the Act.

Union Group	2015	2016	2017	Total
Inside	\$268,333	\$424,499	\$590,747	\$1,283,579
Outside	\$4,223	\$4,292	\$4,362	\$12,877
	\$272,555	\$428,791	\$595,109	\$1,296,455

The above figures are estimated using the differentials between the male and female positions and the budgeted amounts and include statutory obligations of OMERS and EHT. Actual amounts may be less than calculated dependent on the number of vacancies and hours worked. The City and Union have agreed that the 2017 impact would be compensated in 2017 and the impact from the 2015 and 2016 fiscal periods would be paid out to those affected in 2018. However, from an accounting standpoint, it does not matter when the amount

owed is paid, the City must expense immediately known financial obligations in the years they occur. Currently, the City is closing the 2016 fiscal period, to comply with generally accepted accounting standards and the Public Sector Accounting Board, the City must expense the amounts owed for 2015 and 2016 in the 2016 fiscal period. Currently the deficit is higher than reported as the City had planned to use the two human resources reserves to cover the cost, but did not request the release of the funds until the amount required was known. The deficit amount reported in CORP2017-014 Direction to Fund 2016 Anticipated Deficit assumes the release of the amounts from the Reserves identified. Unfortunately, the actual estimate for the 2015 and 2016 fiscal period is slightly higher than planned for. Staff's only source of funding to cover the additional incurred cost is from the contingency reserve. The 2017 fiscal impact will be addressed internally in 2017 and the 2018 budget will be adjusted to cover the 2017 impact.

The Employer must keep in mind that the Act requires on-going maintenance of pay equity plans to ensure gender differences are continually addressed. Maintenance takes into consideration substantive change in job duties or responsibilities, addition/removal of female job classes, and annual or negotiated changes in compensation of affected job classes and their respective comparators. We have developed with the Union an on-going approach for employees to request a review for reconsideration. This will provide a positive impact on unknown future financial obligations occurring because large gaps in time between reviews will no longer occur.

### **Other Alternatives Considered:**

Compliance with the *Pay Equity Act* is not optional.

On the advice of consulting services, we are assured that pay equity has been achieved limiting potential financial penalties imposed by the Pay Equity Commission for non-compliance.

Had final agreement not been reached between the parties, the recourse would be to have the matter referred to the Pay Equity Tribunal for final determination. Having met the requirements of the Act, and considering the undeterminable amount of time and additional costs that a further referral would attract, this approach was not pursued.

### **Financial Considerations:**

The total cost to implement the Pay Equity Plans from January 1, 2015 to April 22, 2017 inclusive, and to the end of the fiscal year 2017 is \$1,296,455.

### **Relationship of Recommendation(s) To The 2016-2019 Strategic Plan:**

Pay equity and internal equity support Council's objectives related to "effective Human Resources" including its pursuit of an "Employer of Choice" designation.

**Review of Accessibility Implications of Any Development or Policy:**

N/A

**Servicing Comments:**

N/A

**Consultations:**

N/A

**Attachments:**

N/A

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**Department File:**