



**SUBJECT: Financial impacts of Bill 148**

**TO: Committee of the Whole**

**FROM: Human Resources Department**

Report Number: HR-05-17

Wards Affected: All

File Numbers: 325-01

Date to Committee: November 27, 2017

Date to Council: December 11, 2017

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### **Recommendation:**

Receive and file human resources department report HR-05-17 regarding financial impacts of Bill 148 – Fair Workplaces, Better Jobs Act, 2017 and becoming a living wage employer.

### **Purpose:**

A City that Grows

- Promoting Economic Growth

An Engaging City

- Good Governance
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### **Background and Discussion:**

After a summer of consultation Bill 148 - Fair Workplaces Better Job Act, 2017 passed second reading in the Ontario legislature and the provincial government has expressed their strong commitment to its passing before year end. The following provisions have been identified as having a financial impact to the City's operating budget:

	<b>Description</b>	<b>Effective Date</b>	<b>Financial Impact</b>
<b>Minimum Wage</b>	Increased from \$11.60/hour to \$14.00/hour	January 1, 2018	\$245,000
	Increased from \$14/hour to \$15/hour	January 1, 2019	\$97,000
<b>Equal Pay</b>	No employee may be paid less than what is paid to full-time employees of the same employer who performs the same job. The rule would apply to part-time, casual, temporary and seasonal employees.	April 1, 2018	\$360,000 <sup>1</sup>
<b>Vacation Pay</b>	Vacation entitlement would increase to 3 weeks' vacation time and 6% vacation pay after 5 years of service with the City.	January 1, 2018	\$45,000
<b>Public Holiday Pay</b>	A new formula has been developed to calculate public holiday pay.  The new formula will impact part-time/temporary employees and is calculated by taking the earnings from the previous pay period and dividing these by the number of days the employee worked in that pay period.	January 1, 2018	\$100,000
<b>On Call Pay</b>	The City will be required to pay at least 3 hours pay for employees who are on-call and who are either not called in to work or who are called in but work less than 3 hours.	January 1, 2018	\$240,000
<b>Personal Emergency Leave</b>	Currently employees are entitled 10 unpaid emergency leave days. This change requires that 2 of the days be paid leave.		\$320,000
<b>Total</b>			<b><u>\$1,407,000</u></b>

<sup>1</sup> Note: The Ontario Government announced on October 18<sup>th</sup> that it would be conducting consultations on a range of key exemptions from the bill. This cost may decrease if for example, exemptions to employee groups such as supervisors and managers are included.

Within Bill 148 there are specific changes that may be deferred if a collective agreement is in force on January 1, 2018. The articles within the agreement will prevail until the earlier of the expiry of the agreement or January 1, 2020. This has provided the opportunity to defer some of the costs of Bill 148 into 2019 and 2020. Broken down by calendar year, it is estimated that Bill 148 will impact the City's operating budget as follows:

- 2018 Budget Impact \$1,027,000
- 2019 Budget Impact \$170,000
- 2020 Budget Impact \$210,000

\$1,000,000 has been included in the 2018 operating budget and additional funds will be included in subsequent operating budgets as required.

### **A Living Wage Financial Impact:**

At the June 26, 2017 Committee of the Whole meeting, two delegations presented with the purpose of requesting that the City become certified as a living wage employer. As a result of the two delegations, the following staff direction was approved at Council on July 10, 2017:

“Direct the Director of Human Resources to do an analysis of our current wage structure to determine whether or not the City of Burlington is currently a fair wage employer and if not, quantify the required investment that would close the gap relating to fair wages for full time and part time staff, and select contract workers specifically cleaning and security staff.”

In Halton, a living wage is calculated to be \$17.95 per hour based on a 37.5 hour workweek. A living wage certification can be obtained by a three level implementation process as follows:

**Supporter:** All full-time employees are paid a living wage and a commitment to begin raising the pay of all part-time employees to a living wage.

**Leader:** All full-time and part-time employees are paid a living wage and a commitment to including living wage requirement for externally contracted services that provide service on a regular basis.

**Champion:** All full-time, part-time and externally contracted staff that provide service on a regular basis are paid a living wage (or the third party contractor has indicated their intent to re-contract at the living wage).

Human Resources have conducted an analysis to determine:

- 1) If the City is a living wage employer, and if not;
- 2) Determining the financial impact of becoming a living wage employer.

The following financial impact has been determined at this time:

<b><u>Financial Impact (after Bill 148 \$15 Minimum Wage increase in 2019)</u></b>	
Full-time Employees	\$3,500
Part-time/Temporary Employees	\$1,130,956
Contracted Services	Could not be determined at this time

The costs determined above are the difference between the minimum wage of \$15/hour and a living wage based on a 35/40 hour work week.

### **Financial Matters:**

As provided above.

### **Total Financial Impact**

As provided above.

### **Source of Funding**

The 2018 costs for Bill 148 have been included in the proposed 2018 budget. The cost to become a Living Wage employer has not been included in the 2018 budget at this time.

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### **Conclusion:**

The financial impact of Bill 148, Fair Workplaces and Better Jobs Act, 2017 has been provided above. In addition to the financial impacts there are several policy and process changes to be implemented in order to be in compliance. This will take considerable staff time and resources to accomplish. The cost to become a Living Wage Employer has also been outlined in this report in response to staff direction SD-8-17.

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Respectfully submitted,

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Director of Human Resources

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**Report Approval:**

All reports are reviewed and/or approved by Department Director, Director of Finance and Director of Legal. Final approval is by the City Manager.