

**Policy No.:** HR.03

**Section:** Your Government & People

**Policy Title:** Compensation & Benefits Policy

**Adopted Date:**

**By-law No.:**

**Revision Date:**

## **1. Purpose**

The Municipality of Kincardine ("Municipality") seeks to attract, retain, motivate, and reward qualified employees by establishing and maintaining a competitive salary and benefit program while remaining aware of its fiscal responsibility to its citizens. The Municipality is committed to fair and transparent compensation practices that support the achievement of our corporate goals.

## **2. Scope**

This policy applies to all full-time, part-time, contract, and casual employees.

## **3. Definitions**

**Compensation** - any form of direct monetary remuneration made to an individual for services rendered in the employee/employer relationship (i.e. base pay, overtime, banked time, on-call pay, etc.)

**Benefits** - plans or programs which are indirect remuneration for work performed (i.e. group health benefits, EAP Program, pension plan participation, etc.)

**Consumer Price Index (CPI)** - represents changes in prices as experienced by Canadian consumers. It measures price change by comparing the cost of a fixed basket of goods and services over a period of time. The Municipality will use the federal statistics of the Canadian rate on a July to July basis.

## **4. Procedure/ Policy**

### **A. Organizational Commitment**

The Municipality is committed to providing a work environment where all individuals are treated in a fair and consistent manner as it relates to the administration of compensation and benefits. The Municipality is committed to providing all employees with clear and open communication regarding compensation policies and practices.

The Municipality is committed to a compensation system that:

1. Ensures equitable compensation and benefit treatment for all employees
2. Reflects the employee's position, responsibilities, education, experience, and job performance
3. Enables the Municipality to recruit and retain qualified employees
4. Complies with all employment legislation for statutory equity
5. Manages salary and benefit costs utilizing a balanced approach between competitive and cost effective

#### B. Annual Economic Increases / Cost of Living Adjustments (COLA)

The Municipality supports compensation practices that provide competitive salaries, acknowledging that the implementation of an annual economic / cost of living adjustment is a key component in attracting and retaining a skilled, committed, and productive workforce. Annual economic / cost of living increases are to enable the wage grid to keep pace with inflation in our geographical area pending scheduled reviews of the Municipality's wage grid compared to the market.

Annual increases proposed for full-time, part-time, contract and casual employees will be adjusted annually for inflation using the July to July CPI rates for the previous year with a maximum increase of 4% per year and a minimum increase of 1% per year. The proposed annual increase will be approved by Council in advance of the budget process. The annual adjustment is not automatic every year and will be dependent on the Municipality's finances and affordability.

In the event of a decrease in CPI compared to the previous year, the wage grid will be frozen at current year rates for the upcoming year. In the following year, the negative percentage will be netted against the following year positive percentage.

If Council approves an annual increase, the job rate of each pay grade will increase by the annual increase and the five (5) steps will be calculated as a percentage of the job rate. See *HR 007 - Wage Grid Administration Procedure* for more information on the application of the wage grid. Only employees with at least good solid performance will be eligible for the annual increase.

The increases will be effective January 1 each year.

### C. Market Study

The Municipality will endeavour to assess our compensation system through market reviews every four (4) years to ensure that the Municipality is compensating employees fairly and achieving external equity. A comparator group will be selected and approved by the CAO. Council will be responsible for approving the appropriate market median percentile of job rate of the comparators.

The market study may involve using an external consultant, purchasing compensation survey data to benchmark comparable municipal positions or through other methods.

Council will approve the market study and implementation of the results on to the wage grid on the identified effective date. The wage grid may increase, decrease, or remain the same as a result of the market review. Employee pay will not be reduced as a result of this exercise. However, individual employee pay may be frozen, or red circled, until the pay grade for their position catches up to their current wage rate. Employees in this situation will not be eligible for the annual increase until the job rate in their pay grade is equal to or exceeds their current pay rate.

If the market check results in a substantial pay increase, Council may decide to phase the increase in over more than one year.

### D. Benefits

The Municipality believes that a comprehensive group benefits package is a key component of the compensation strategy and supports employee and family health and wellbeing. The Municipality is committed to offering a balanced benefit program to help support overall employee health while remaining competitive with the ability to attract and retain employees.

The Municipality reserves the right to select the insurance carrier for group benefits and will provide employees with all the pertinent information regarding coverage. The Municipality may amend any of its benefit plans at any time and will endeavor to provide notification to employees. Benefits and employee perks will be reviewed annually at the time of renewal.

Further information on the administration of comprehensive group benefits can be found in *HR 002 - Benefits Administration Procedure*.

## 5. Related Policies

Schedule A - Municipality of Kincardine Wage Grid

**6. Related Documents/Legislation**

Employment Standards Act, 2000

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