Payroll (Canadian) 1st edition Dryden Solutions Manual

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Chapter 2

Dryden: An Introduction to Canadian Payroll Administration 1e

Solutions to Questions

Review Questions:

2-1 The criteria used to determine the applicable jurisdiction for employment standards will depend on the employer's jurisdiction as covered in chapter 1 and the location where the work is performed.

2-2 The most recent employment standards to be introduced in most jurisdictions include reservist leave, organ donation leave, leave of absence when a child has disappeared or dies as a result of a criminal action.

2-3 Employers may provide for additional employment benefits or betting working conditions than required under employment standards legislation. The legislation provides for the minimum condition or benefit that must be provided to the employee.

2-4 Union agreements may contain provision that are more generous than employment standards and therefore must be honoured by the employer. Should the union agreement provide less benefit to the employee than the legislated standard than the standard must be honoured by the employer.

2-5 If an employer wants to establish a policy that will impact employees in multiple jurisdictions then the policy must meet the most generous standard of the jurisdictions.

Suggested Exercises:

2-1 This exercise can be used as a major assignment for each student to be given a different province/territory, or an in-class activity. The following template may

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be a useful starting point, the answers will vary based on the standards in place when the research is done.

Assignment is worth ___% of total grade.

The assignment will provide students with an opportunity to research employment standards in a chosen territory or province and provide a comparison to the standards under the Canada Labour Code and the Ontario Employment Standards Act.

After selecting a province or territory each student will do independent research and complete a comparison of standards similar to the following based on the employment standards listed in the Microsoft Word template below.

This is intended to be a summary comparison and therefore it is not expected that there be any significant of detail for each standard. Expected length is about 3-5 pages including source references.

Student name: _____ Student #: _____

Standard	Canada Labour Code	Employment Standards Act of Ontario	"Provincial Act"
1. Minimum wages			
2. Overtime			
3. Hours of work			
4. Holiday pay			
5. Vacation pay			
6. Termination pay			
7. Deductions			
8. Statement of earnings			
9. Minimum age			
10. Leaves of absence			

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2-2 – 2-5 This exercise is intended to provide research practice into employment standards and the format can be flexible. It could be an in-class activity, group or individual assignment. The table show above could be adapted by focussing on minimum wages only and adding columns for the number of desired jurisdictions.

2-6 The employer challenges in administering the Social Insurance Number identified by students will vary widely based on individual experience and work knowledge. Emphasis should be placed on the initial request, monitoring temporary numbers and maintaining confidentiality.

Assessment Questions:

2-1 c) The minimum workplace standards that apply to employment practices
2-2 b) $11.25
2-3 c) 10% grater than the general minimum wage
2-4 d) All of the above
2-5 a) If hours worked exceed 44 hours a week
2-6 a) British Columbia
2-7 c) Nine
2-8 c) Nine
2-9 b) 2 weeks per year of service, 3 weeks after 5 consecutive years of service
2-10 a) 2 weeks per year of service
2-11 c) Is applied if more generous than employment standards
2-12 d) Is applied if more generous than employment standards

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Chapter 2
Labour Standards

LO1 Understand the impact of Labour and Employment standards on payroll calculation

This chapter may be one of the most challenging in the text in terms of the potential amount of detail that is appropriate for the class. It is suggested that the rules related to federal or provincial jurisdiction are reviewed at the beginning of the class as it is important to distinguish which standards need to be followed by the employer.

Another key learning for the students is to be aware that each jurisdiction my have specialized employment standards for some industries or occupations. It is management responsibility to understand and apply the appropriate standards to the workplace. The payroll administrator should be able to research and keep current with those standards that impact the correct payment to employees.

This chapter's subject matter may be new to students and therefor a research project may be useful in providing an opportunity to acquire relevant knowledge and communicate the results through a report. An example of an assignment is on the following page that has been used successfully to students with a variety of backgrounds. Usually the students compare and contrast the Canada Labour Code to the employment standards of the province of the class, to another province or territory assigned by the instructor.

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Payroll Administration Chapter 2 Assignment

Assignment is worth __% of total grade.

The assignment will provide students with an opportunity to research employment standards in a chosen territory or province and provide a comparison to the standards under the Canada Labour Code and the _____ Employment Standards Act.

After selecting a province or territory each student will do independent research and complete a comparison of standards similar to the following based on the employment standards listed in the Microsoft Word template below.

This is intended to be a summary comparison and therefore it is not expected that there be any significant of detail for each standard. Expected length is about 3-5 pages including source references.

Student name: _____ Student #: _____

Standard	Canada Labour Code	Employment Standards Act of _____	"Provincial Act" of _____
1. Minimum wages			
2. Overtime			
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4. Holiday pay			
5. Vacation pay			
6. Termination pay			
7. Deductions			
8. Statement of earnings			
9. Minimum age			
10. Leaves of absence			

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LO2 Explain how employer policies may affect payroll administration

The key understanding for students is to appreciate that the employments standards provide the minimum standard for employment practices. Employers may be more generous than the standard if management feels a need to meet industry or geographic competition, or to motivate and rewards employees.

A suggested class activity is to have students discuss personal experiences and knowledge of employers being more generous than the standards.

LO3 Identify impact of a Collective Bargaining Agreement on payroll administration

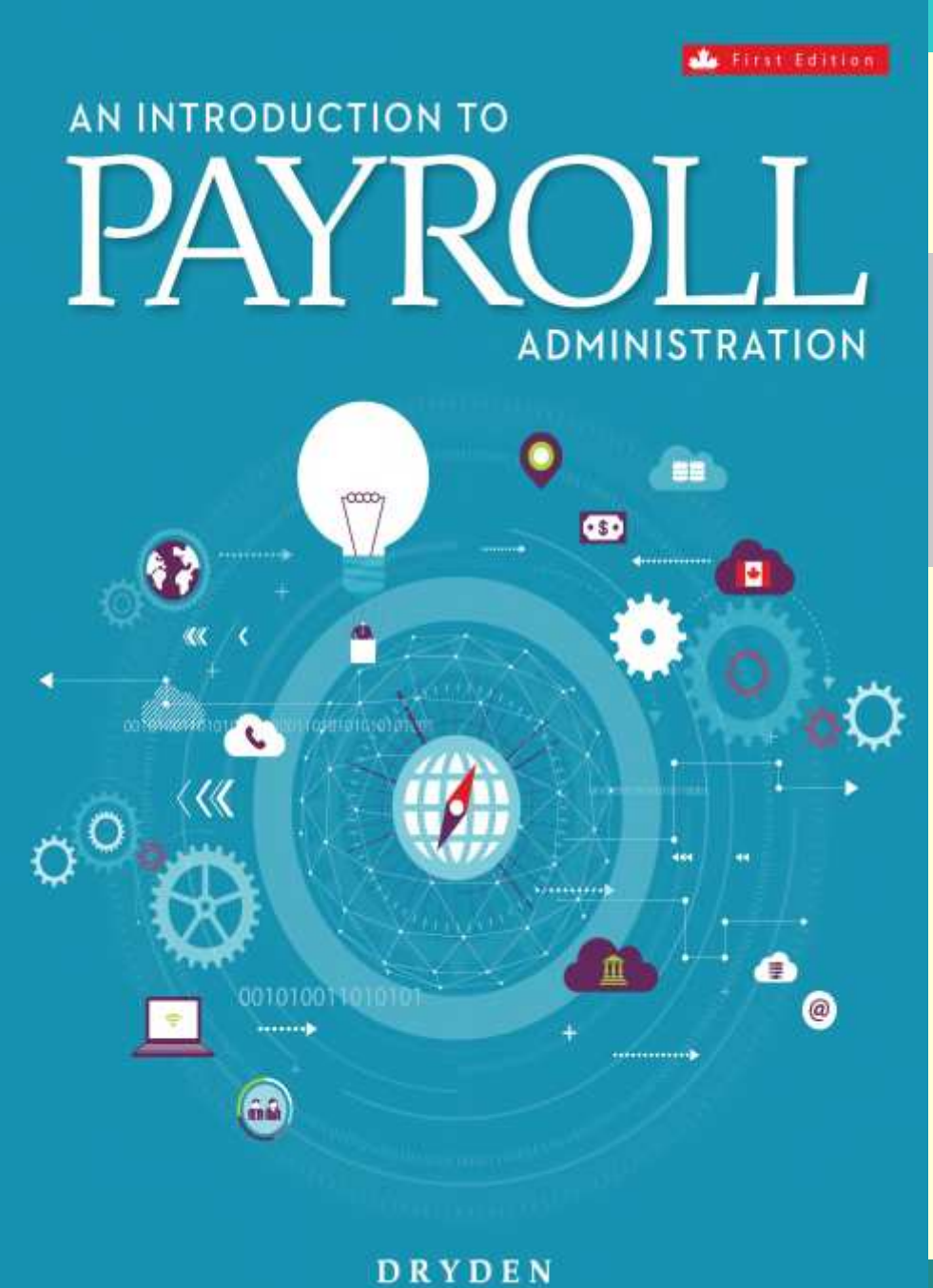
If a union agreement is in place, then any contract provision that is more generous than the employment standards will take precedence. However, a union contract cannot provide for less than the employment standards. Class discussion of how a change in minimum wages or statutory holidays may impact payroll application can be helpful in reinforcing this situation.

LO4 Identify sources for obtaining updated standards

The textbook provides online addresses for provincial and territorial employment standards research. In class discussion and presentation of other information sources for receiving updates is useful for the student.

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CHAPTER 2: Labour and Employment Standards

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Learning Objectives

- **LO1:** Understand the impact of labour and employment standards on payroll calculation.
- **LO2:** Explain how employer policies may affect payroll administration.
- **LO3:** Identify the impact of a collective bargaining agreement on payroll administration.
- **LO4**: Identify sources for updated employment standard information.

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LO1: Introduction

- Recall: Provincial and Federal standards differ.
  - Approximately 90% of employees in Canada are covered by provincial standards
  - The payroll administrator must ensure correct standards are applied

- Note that legislation is intended to outline the MINIMUM entitlement for employees
  - Employers can offer better if they choose

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LO1: Wage Rates

- Minimum wage is the lowest rate an employer can pay an employee
- Amounts are set provincially
- Select rates as of Oct 1, 2015 were:
  - $11.25 in Ontario ($11.40 as of Oct. 1, 2016)
  - $10.55 in Quebec ($10.75 as of May 1, 2016)
  - $12.50 in the Northwest Territories

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LO1: Wage Rates

- Some provinces have identified categories of workers in addition to the general minimum wage

- In Ontario:

	October 1,2015	October 1, 2016
– General	$11.25 per hour	$11.40 per hour
– Student	$10.55 per hour	$10.70 per hour
– Liquor Server	$ 9.80 per hour	$ 9.90 per hour
– Homeworkers	$12.40 per hour	$12.54 per hour

- British Columbia and Quebec also categorize on piece-work for produce picking

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LO1: Overtime (Federal)

- Hours worked over a ‘standard’ 8 hour day or 40 hour week should be paid at 1.5 times the regular rate of pay (also known as ‘time and a half’)

- Exceptions:
  1. Management employees and professionals
  2. Employers using averaging arrangements
  3. Where a modified work schedule is standard for the employment

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LO1: Overtime (Provincial)

Ontario - Hours exceeding 44 hours in any week to be paid at 1.5 times the regular rate

British Columbia - Hours in excess of 8 per day or 40 in a week to be paid at 1.5 times regular rate of pay and 2 times for hours in excess of 12 per day

Quebec – Hours in excess of 40 per week to be paid at 1.5 times the regular rate

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LO1: Hours of Work (Federal)

- Standard hours of work are 8 per day and 40 per week
- Employees entitled to one full day of rest each week
- If a holiday occurs, the standard number of hours for the week is reduced by 8 hours per holiday
  - Some industry exemptions exist (trucking for example)

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LO1: Hours of Work (Ontario)

- *Maximum hours* of work are 8 per day and 48 per week. Must also have:
  - 11 consecutive hours off work each 24-hour period
  - 8 hours off work between shifts
  - At least 24 hours off each work week or 48 hours off every two work weeks
  - A 30-minute eating period after 5 hours of work (doesn't have to be paid and may be split into shorter breaks by agreement)

- Exceptions to these rules do exist

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LO1: Holiday Pay

- Employees are entitled to a day off work and payment at their regular rate of pay for statutory holidays
- Under federal jurisdiction, 9 are provided:

New Years Day	Good Friday	Victoria Day
Canada Day	Labour Day	Thanksgiving Day
Remembrance Day	Christmas Day	Boxing Day

*The employee must complete 30 days of employment prior to the holiday to be entitled to holiday pay

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LO1: Holiday Pay

- An employee who works on the holiday must receive:
  - Normal pay for hours worked
  - Premium equal to 1.5 times the normal rate
  - Also known as “double time and a half”

Ontario – 9 public holidays (exclude Remembrance Day and include Family Day)

- Other provinces are similar with some variations

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LO1: Vacation Pay

- Earning vacation is an employee entitlement in Canada
- An employer must offer vacation as 4% of wages (or 6% if employee has 6 or more consecutive years of employment)
- May be paid when vacation time is taken or disbursed each pay in addition to regular earnings

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LO1: Termination Pay

- On permanent termination of employment additional payments may be required
  - Accrued vacation pay
  - Payment in lieu of notice
  - Severance pay
  - Retiring allowances
- Chapter 11 will describe further

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LO1: Deductions

- Legislation prescribes that only these amounts may be deducted from wages
  - Statutory deductions required by law
    - Canada Pension Plan contributions
    - Employment Insurance premiums
    - Income taxes
  - Deductions authorized by court order
  - Amounts defined under collective bargaining agreements
  - Recovery of previously overpaid wages or salary
  - Amounts authorized by employee in writing

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LO1: Timing of Payroll Payments and Statement of Earnings

- Employment earnings must be paid within 30 days of entitlement

- Employer must provide a written statement showing
  - **Earnings** including the rate for each type of hour and the period of time for which paid
  - **Deductions** and sufficient details to allow employee to identify purpose and amount
  - **Net pay**

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LO1: Leaves of Absence

- Legislated to provide employees with protection when unable to work
- Most are unpaid
- Permitted leave examples include:
  - Pregnancy/Maternity, Parental, Compassionate Care
  - Bereavement, Sick, Family Medical/Care-giver, Reservist
- Employee must be able to return to the same employment terms and conditions

- Rules vary by jurisdiction

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LO2: Employer Policies

- Legislation provides MINIMUM requirements
- Employers may pay in excess of minimum employment standards

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LO3: Collective Bargaining

- Legislation provides MINIMUM requirements

- Employer may be party to a collective bargaining agreement with a union
- The contract must be followed unless provides less than minimum standards
- The entitlements most advantageous to the employee must always be followed

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LO4: Employment Standard Information Sources

- Legislation and employment standards are routinely updated
- Employers must ensure compliance with legislation
- Subscription services provide updates
- Government websites are continually updated and telephone support is available

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In Summary

- **LO1:** Understand the impact of labour and employment standards on payroll calculation
  - Important to know which labour or employment standard applies for each employee (provincial or federal)
  - Legislation outlines minimum employer responsibilities for areas such as wages, hours of work, vacation, leaves of absence and termination
- **LO2:** Explain how employer policies may affect payroll administration
  - Employers have the option to exceed the minimum standards

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In Summary

- **LO3:** Identify the impact of a collective bargaining agreement on payroll administration
  - Collective bargaining agreements may outline terms and conditions of employment
  - Entitlement which is most advantageous to employee applies
- **LO4**: Identify sources for updated employment standard information
  - Legislation is constantly changing
  - Payroll administrators must stay up to date and compliant with all changes

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