

# Pay Range Structure Policy



## 1. POLICY

- The structure of the company's pay ranges are established on a geographical basis in order that the following is achieved.
  - The company, in its discretion, can determine the mid-point of each range that is the equivalent to the prevailing rate paid for similar jobs by comparable employers in the community;
  - each job has Mid-Point differences.
  - The **range spread** of each pay range is large enough to prevent recognition of differences in performance among individuals performing the work associated with that job.
  - **Range spread: the difference between the Minimum and the Job rate and between the Job rate and the Maximum.**
  - Difference between the Mid-point for each job reflect the differences in the relative value of positions (established by Job Evaluation).
- **Administrative; Technical and Professional; and Management** are **three** different sets of ranges used by the Each structure is constructed in a similar manner and used in the same way, although the values are different.

## 2. PURPOSE

- To outline the process used to establish pay ranges is the purpose of this Statement of Policy and Procedure.

## 3. SCOPE

- All Non-union employees are bound by this Statement of Policy and Procedure.

**Where appropriate: union employees are governed by the terms of the applicable Collective Agreement.**

## 4. RESPONSIBILITY

- Approvals to range structures used in the **Company** is the responsibility of the **General Manager**.

## 5. DEFINITIONS

- **“Benchmark Job”** means a job commonly found in the most organizations which can be used for comparison purposes. Examples are: Receptionist, Plant Supervisor, Sales Representative, Warehouse Supervisor, Accounting Clerk, Programmer/Analyst, Financial Manager, Engineer.
- **“Market Pricing”** means the process of gathering external wage information for Benchmark Jobs of comparable value to determine the pay levels of external organizations for the jobs being surveyed.
- **“Range Maximum”** means that point which is the Maximum of the pay range for the job. The Maximum may be attained only by individuals whose performance is consistently rated as Outstanding. Only in rare and unusual circumstances may an individual be paid above the **Maximum**.
- **“Range Mid-point”** or **“Job Rate”** means that rate which is considered to be the competitive pay rate in the external labour market for a similar position. It is the point midway between the Range Minimum and Range Maximum. This point is also called the Job Rate.
- **“Range Minimum”** means that point at which and individual who meets the minimum qualifications for a job may be paid. Only in rare and unusual circumstances may an individual be paid below the Range Minimum.
- **“Performance Band”** means the area [**±**\_\_%] immediately above and below the Mid-point. This band represents the approximate rate of pay an individual may expect to achieve, over time, if that person is performing the full job in a competent manner.

## 6. REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

SPP HR 3.02.BC – Job Evaluation

SPP HR 3.03.BC – Pay Administration

SPP HR 3.04.BC – Job Performance Review

## 7. PROCEDURE

- For each group of jobs identified as **Administrative; Technical and Professional; and Management**, or a designated nominee will determine the Benchmark Jobs classification.
- At least once every **three years (3)** years, and, where necessary, Market Pricing studies are conducted for Benchmark Jobs.
- The statistical function know as Proportional Value Comparison or Regression Analysis establishes the Mid-point for each pay range. This common method examines the way jobs are paid (market price and/or job rate) in relation to the value of the work performed (job points).

## 8. ATTACHMENTS

Attachment A – Construction and Use of a Pay Range

**ATTACHMENT A**

**CONSTRUCTION AND USE OF A PAY RANGE**

4 <sup>th</sup> Quartile	Pay Area for Outstanding Performers	
3 <sup>rd</sup> Quartile	Pay Area for Excellent Performers	MERIT RANGE
Mid-point or Job Rate		Performance Band (+x% of Mid-point)
2 <sup>nd</sup> Quartile	Pay Area for Competent Performers	
1 <sup>st</sup> Quartile	Pay Area for Competent Performers	EXPERIENCE RANGE