Agenda – Executive Policy Committee – September 17, 2019

REPORTS

Item No. 5 Review of Fair Wage Provisions in Canadian Cities

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

That this Report, including Appendix A, be received as information.

ADMINISTRATIVE REPORT

Title: **REVIEW OF FAIR WAGE PROVISIONS IN CANADIAN CITIES**

Critical Path: **EXECUTIVE POLICY COMMITTEE**

AUTHORIZATION

Author	Department Head	CFO	CAO
B. D'Avignon	P. Olafson	P. Olafson, Interim CFO	D. Wardrop, Acting Interim CAO

EXECUTIVE SUMMARY

In response to the April 26, 2018 recommendation by Council to research what provisions are in place in other Canadian Cities for Contractors to pay their workers a Fair Wage, Materials Management polled 22 Canadian cities/provinces (jurisdictions) of different sizes across the country. The City of Winnipeg (City) documented the results from 19 jurisdictions.

Of the 19 jurisdictions, 8 have Fair Wage/Living Wage Policies (Policies). Most, including Manitoba, have Provincial Acts/Laws (Acts) dictating wage schedules that exceed the minimum wage for certain industries, mostly construction. Details regarding the Public Service's research can be found in Appendix A, attached.

The City of Winnipeg has consistently paid its employees a fair wage. Approximately 87% of City employees earn more than $15 per hour, the living wage suggested by the Manitoba Federation of Labour. Of the 13% paid less than $15 per hour, many are temporary/student positions.

Most of the City's high value tenders are for construction. Construction trades in Manitoba are bound by an established wage scale under *The Construction Industry Wages Act*.

The City has, for many years, taken steps to ensure reasonable wages are paid under City contracts. If the City developed a fair wage policy, the City would anticipate an increase in the cost of procuring goods or services covered under a fair wage policy. The cost of establishing and maintaining a division to develop and administer a fair wage policy at the City has not been investigated, but most certainly would require additional resources and add permanent positions to the City's budget.

RECOMMENDATIONS

That this Report, including Appendix A, be received as information.

REASON FOR THE REPORT

On April 26, 2018, Council directed the Winnipeg Public Service to research what provisions are in place in other Canadian Cities for Contractors to pay their workers a Fair Wage.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no implications to receiving this report as information.

HISTORY/DISCUSSION

Materials Management polled 22 Canadian cities/provinces (jurisdictions) of different sizes across the country to determine whether or not they have Fair Wage policies or Fair Wage provisions in their bid solicitation documents. To date, we have responses or have independently found information on 19 jurisdictions.

Results of review

1. Of the 19 jurisdictions, 8 have Fair Wage/Living Wage Policies (Policies). Many of the Policies are restricted to certain industries. Where there are no Policies, there are Provincial Acts/Laws (Acts) dictating wage schedules that exceed the minimum wage for certain industries, e.g. construction contracts. It appears that most Policies reflect the Acts published for certain trades by the provinces, including Manitoba.

2. Toronto has a comprehensive policy and established a Fair Wage Office which administers the Fair Wage Policy that prohibits the City from doing business with contractors and suppliers who discriminate against their workers. The Office investigates complaints and takes enforcement action when it is determined that a contractor has failed to pay its workers the prescribed hourly wage rates, vacation and holiday pay and applicable amount for fringe benefits shown in the current fair wage schedule. The Fair Wage Policy does not apply to all procurement, but does cover construction, institutional and related fields of work.

   The Fair Wage Office employs 3 full time staff with a budget of $.5 million. They perform 50-70 investigations annually.

3. Calgary includes clauses in any new bid opportunity documents where the wage level could be at or close to the provincial minimum wage following Alberta's minimum wage schedule. The Living wage level applies to full time employment only and is only a requirement in specific contracts.

4. Vancouver has a Living Wage policy. The policy applies to select industries, not all. Vancouver includes clauses in tenders that fall under the requirements.

   There is a non-profit agency in British Columbia, *the Living Wage for Families Campaign*, which sets the Living Wage for every region of the Province. Vancouver's policy refers to the rates set by *Living Wage for Families Campaign*.

5. Burnaby appears to be very aggressive in their wage policies. Burnaby adopted a *Fair Wage Policy* a number of years ago (only applies to construction). Burnaby recently adopted a *Living Wage Program* which will apply to everyone who performs work on the city's behalf, including city staff. The program will be implemented as follows:
   - October 1, 2019 - extend living wage to all city staff

- January 1, 2020 - begin requiring living wage for all external service providers as new contracts assigned or renewed. Applies to contractors and sub-contractors.

Based on a population of <250,000, the annual cost of transition to a living wage is estimated at $78,000 in staffing costs, based on the 2019 numbers. The cost of including all external service providers is estimated to be an additional $200,000 and $300,000 annually.

Further details regarding the Public Service's research can be found in Appendix A, attached.

The City of Winnipeg has consistently paid its employees a fair wage. Approximately 87% of City employees earn more than $15 per hour, the living wage suggested by the Manitoba Federation of Labour. Of the 13% paid less than $15 per hour, many are temporary/student positions.

Most of the City's high value tenders are for construction. Construction trades in Manitoba are bound by an established wage scale under *The Construction Industry Wages Act*.

The City of Winnipeg has long practiced protection for certain industries by including clauses in City of Winnipeg Bid Opportunities:

Building Cleaning documents include: *The Contractor shall ensure that all provisions of the Employment Standards Code, C.C.S.M. c.E110 in respect to Wages, hours of Work and Conditions of Employment are adhered to.*

Transit Plus RFPs include a clause that requires the Bidder to submit ***proposed driver wages*** as well as other financial information

All Bid Opportunities, including tenders, request for proposals, request for qualifications, etc., contain a statement that all contracts *"shall be governed by and construed and enforced in accordance with the laws of the Province of Manitoba and of Canada".* This statement requires compliance with various laws applicable to City contracts, such as the Employment Standards Code.

The City's General Conditions permit the City to determine the contractor in breach of contract if the contractor fails to comply with any laws, by-laws or statutory regulations.

Anticipated Impact of Implementing a Fair Wage Policy

If the City developed a fair wage policy, the City would anticipate an increase in the cost of procuring goods or services covered under a fair wage policy.

The cost of establishing and maintaining a division to develop and administer a fair wage policy at the City has not been investigated, but would almost certainly require additional resources and add new permanent positions to the City's budget.

FINANCIAL IMPACT

Financial Impact Statement

Date: August 19, 2019

Project Name:

REVIEW OF FAIR WAGE PROVISIONS IN CANADIAN CITIES

Comments:

There is no financial impact as this report is for information only.

(Original signed by T. Yanchishyn)
Tanis Yanchishyn
Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

Other Canadian Jurisdictions

OURWINNIPEG POLICY ALIGNMENT

N/A

SUBMITTED BY

Department: Corporate Finance
Division: Materials Management Division
Prepared by: C. Green/B. D'Avignon
Date: August 19, 2019