FAIR WAGE POLICY

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INTRODUCTION

Council requested a review of Fair Wage policies in the public sector and to address the following:

- Definition of what “Fair Wage” means
- The scope of contracts & services that could potentially be covered by a fair wage policy
- How compliance is achieved and monitored
- The financial impact to the City of adopting a fair wage policy
- Affected sectors of the marketplace
- Recommendations

Introduction - Continued

- This review was kept to the Province of Ontario, the Federal Government and Municipalities that have a fair wage policy.

DEFINITION OF FAIR WAGE

THERE IS NO TEXTUAL DEFINITION OF FAIR WAGE. THE BEST DEFINITION FOUND IS AS FOLLOWS:

Fair Wage is a mandatory minimum wage set at rates which are very similar to those paid to unionized labour doing the task in question.

Who has a Fair Wage Policy??

- The Federal Government, Ontario Provincial Government and Five (5) municipalities in Ontario have a fair wage policy and their own fair wage schedules. A summary of each Municipality's policy as well as the Federal and Provincial Policies follow

Toronto - Established in 1893	➢ Has a fair wage office (3 people)
	➢ Has a fair wage schedule based on prevailing union wage rates (updated every three years
	➢ If no Fair Wage Policy, determine what a fair wage rate is
	➢ Does not apply to Small Owner-Operators (traditionally called MA and PA types)
	➢ Applies to supplies & services with no minimum
	➢ Fair wage office signs off on all Tenders and RFP's

Hamilton – Established in 1998	➢ Fair Wage schedule based on prevailing union wage rates in Construction Association in areas of City
	➢ Kicks in at $100,000.00
	➢ No designated fair wage office
	➢ Written into Tenders and Contracts

Oshawa – Established in 1960's	➢ Fair Wage schedule based on prevailing union wage rates
	➢ No minimum or maximum when policy kicks in
	➢ Use rates of local trade unions
	➢ No designated Fair Wage Office
	➢ Written into tenders and contracts

London – Established in 1986	➢ Use Provincial fair wage schedule
	➢ Has not been revised since 1995
	➢ Applies to construction
	➢ No minimum where policy kicks in
	➢ No designated fair wage office
	➢ Written into tenders and contracts

Thunder Bay – Established in 2003	➢ Fair wage scheduled based on prevailing union wage rates
	➢ Committee to review policy/ schedule based on prevailing Trade contract rates consists of reps from Construction Association, Chamber of Commerce, Building Trade Council & City Purchasing Manager
	➢ Major reason for policy was to protect local construction industry from cross border low wage

Thunder Bay - Continued	➢ Policy kicks in at $100,000.00 (they suggested that if Sudbury adopts policy – go to $250,000.00)
	➢ Only for Construction
	➢ No designated Fair Wage Office
	➢ Written into tenders and contracts

FEDERAL & PROVINCIAL FAIR WAGE POLICY

Federal	Provincial
➢ Fair Wage schedule applicable to Ontario, most recent Dec. 18/2000	➢ Present wage schedule is 1995 and has not been updated since.
➢ Does not apply to the purchase of materials, supplies or equipment	➢ Fair wage schedule applicable to construction, printing industry, and building cleaning directly undertaken by the Provincial Government

FEDERAL & PROVINCIAL FAIR WAGE POLICY Continued….

Federal	Provincial
➢ Only applies when Federal Government & Construction has written agreement	➢ Applies only to Government Ministries
➢ No requirement to update on regular basis	➢ Based on zones
➢ For Construction, remodeling or demolition	➢ Sudbury is Zone 24

How Compliance to the ***Fair Wage Policy*** *is achieved*

City of Toronto

- Toronto is the only municipality in Ontario that has a department that administrates the Fair Wage Policy and investigates complaints.

City of Toronto… Continued

The Fair Wage Office will enter the place of work without prior notice when investigating employees performing work on City of Toronto Contracts.

Process to Investigate Complaints….

- **All other municipalities (Thunder Bay, London, Hamilton and Oshawa) are self policing where they indicate in their Tender Documents that their Fair Wage Policy must be followed.**

Present Sudbury Situation

- The horizontal civil road contracts and their subs are basically all union shops due to the fact that they bid on Provincial Government contracts and must follow the Fair Wage Policy.
- The vertical construction building business would be affected if the City adopted a Fair Wage Policy as these contractors are not union shops.

Present Sudbury Situation …

- The vertical building construction business employs long term personnel with no layoffs. It is not out of the ordinary for these contractors to employ their core people up to fifteen (15) years Their pay is based on industrial averages and increases are subject to performance and the cost of living.

Present Sudbury Situation …

- The construction union shop situation is subject to layoffs when the job is complete and tend to pay more than non-union rates. Also, this type of construction employs sub-contractors that are union shops.

Present Sudbury Situation …

- Most of the City's contracts for vertical building construction are less than $100,000.00 (no bonding required). The contractors bidding on these contracts are the small businesses (MA and PA type) and the small contractors who are not qualified for bonding. They perform the bread and butter construction for us at very competitive rates (Non Union).

Financial Consequences if Fair Wage Policy is adopted:

- Would not anticipate any financial impact on horizontal road contracts for the large contractors as noted they are already paying union rates.
- The MA and PA non-union contractors would be affected and may not bid on City contracts for both vertical (buildings) and horizontal (road) contracts.

Financial Consequences….

- The vertical building contractors would be affected (both contractors and subs) and possibly would not bid on City's contracts
- Thirty percent (30%) of construction cost is labour and an increase of wages will increase cost the for vertical building construction.
- There would be associated administration costs to the City if a Fair Wage policy is adopted.

Conclusion

- There was consultation with the stakeholders of Sudbury which were the Chamber of Commerce, Sudbury Construction Association, Architects, Contractors and interested Trade Union Executives.

- The following summarizes for and against the City adopting a Fair Wage Policy :

Chamber of Commerce	No
Building Contractors	No
Architects	No
Trade Unions	Yes
Sudbury Construction Assoc.	Neutral

- As per the majority of stakeholders, it is recommended that the City of Greater Sudbury not adopt a Fair Wage Policy and let the marketplace dictate the price.