### **EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 13, 2016**

Item 3, Report No. 15, of the Finance, Administration and Audit Committee, which was adopted, as amended, by the Council of the City of Vaughan on December 13, 2016, as follows:

By receiving Communication C3 from Mr. John Cartwright, Toronto & York Region Labour Council, Gervais Drive, Toronto, dated December 2, 2016.

### 3 FEASIBILITY ASSESSMENT – FAIR WAGE POLICY FOR CITY OF VAUGHAN

The Finance, Administration and Audit Committee recommends:

1) That consideration of this matter be deferred to a future Finance, Administration and Audit Committee, no later than May 2017, to allow appropriate staff and interested parties, as previously identified and as may come forward from the industry, to continue discussions with the intention of providing a joint recommendation on this matter; and

That in the event more time is needed, staff on behalf of the parties may inform Council that they require additional time and report back in September 2017;

- 2) That the deputation of Mr. Mike Yorke, Carpenters Local 72, Rowntree Parkway, Vaughan, be received; and
- 3) That the following Communications be received:
  - C2. Memorandum from the City Manager, the Chief Financial Officer and City Treasurer and the Director of Procurement Services, dated December 1, 2016; and
  - C3. Mr. Tony lannuzzi, Carpenters' District Council of Ontario, dated December 1, 2016.

## **Recommendation**

The City Manager, Chief Financial Officer & City Treasurer and the Director of Procurement Services, recommend:

1. That the City not implement a Fair Wage Policy at this time.

### **Contribution to Sustainability**

This report contributes to Service Excellence. Procurement Services supports improving the City of Vaughan's operational performance to enable the delivery of Term of Council priorities while meeting Council's tax rate increase target of no greater than three per cent each year.

Procurement Services strives to ensure that the way we acquire goods, services and construction, help ensure value-for-money and contributes to the City's long-term financial sustainability.

### **Economic Impact**

There is no economic impact associated with the receipt of this report. However, if at some point in the future the City considers implementing a Fair Wage Policy, an initial investment in consulting services will be required to conduct a comprehensive study prior to the drafting and implementation of the policy. This would also include establishment of Fair Wage Rate schedules for various trade classifications. Additional resources would also be required to monitor compliance with the Policy, including investigative services to validate the claims of Sub-Contractors as they relate to City's Fair Wage Policy. There may also be a material cost impact on City contracts that have significant labour components, for instance, construction and consulting contracts. This impact would be determined as part of the study.

### **EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 13. 2016**

Item 3, Finance Report No. 15 - Page 2

### **Communications Plan**

Not applicable

### **Purpose**

The purpose of this staff report is to provide Council with information requested on the feasibility of a potential Fair Wage Policy for the City of Vaughan as per Member's Resolution from Finance, Administration and Audit Committee Meeting dated May 2, 2016. This report will discuss the City's current practice, jurisdictional research, resources requirements, and high-level implementation implications of a Fair Wage Policy for the City.

### **Background - Analysis and Options**

At its May 2, 2016, the Finance Administration & Audit Committee adopted the following motion which was later approved on the May 17, 2016 Council Meeting:

"That the City Manager report to a future Committee of the Whole on the following matters, prior to the end of the current calendar year:

- a) The feasibility of implementing a Fair Wage Policy for City of Vaughan contracts.
- b) A review of the implementation and budget implications of Fair Wage Policies in other jurisdictions including, but not necessarily limited to the Cities of Toronto, Hamilton, and London (Ont);
- c) A review of the Province of Ontario's Fair Wage Policy, including an update from the Ministry of Labour on the progress of their announced plans to modernize the provincial Fair Wage Policy.
- d) An update from the Federal Government on their election commitment to implement a federal Fair Wage Policy.
- e) Consultations with relevant stakeholders, most particularly labour organizations with facilities in the City of Vaughan.
- f) A brief overview of the underground economy in Ontario's construction industry and the implications it has on workplace health and safety."

# All City of Vaughan contracts include a clause to protect workers and ensure they are being paid fairly under all City contracts.

At present, City of Vaughan does not have a Fair Wage Policy. However, to ensure that all workers are being paid fairly, all City's contract documents include a "Payment for Workers" clause as per below:

"The Contractor shall pay or cause to be paid weekly/biweekly to every worker employed in the execution of the Contract, wages at not less than the following rates:

- 1) For workers employed in the execution of the Contract, who are in contractual relationship with a union, the minimum rate of wages shall be the union rate of wages in the particular district or locality in which the work is undertaken; or
- 2) For workers employed in the execution of the Contract, who are not in contractual relationship with a union, the minimum rate of wages shall be the current Fair Wage Schedules of the Labour Standards Branch, of the Ontario Department of Labour, in the particular district or locality in which the work is undertaken. Revisions made to the schedule during the course of the Contract shall apply from the effective date of such revisions and all additional resultant costs shall be borne by the Contractor."

### **EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 13. 2016**

Item 3, Finance Report No. 15 - Page 3

### City of Vaughan currently does not have a Wage Compliance Office.

Although the City contract documents include a Payment to Workers clause to protect workers against unfair wages, the City does not have a separate Wage Compliance Office. The City departments, in consultation with Procurement Services and Legal Services departments address any issues related to contract non-compliance, such as poor performance, incomplete work and non-payment of sub-contractors, on an as needed basis. To date, the City has not received any complaints relating to unfair wages made to workers under City contracts.

## Only 7 of the 444 municipalities in Ontario have a Fair Wage Policy

Based on jurisdictional research, less than 2% of the Ontario municipalities have a Fair Wage Policy. Attachment 1 – Fair Wage Policies in Ontario provides details of these 7 municipalities, including year implemented, last update, and contract thresholds for the Policy application. For 6 of these municipalities, compliance with the Policy is achieved through self-policing. Contractors are required to provide in writing their adherence to the respective Fair Wage Policy. Complaints from sub-contractors are received and investigated by the City. For some municipalities, fees may be charged to the sub-contractors.

City of Toronto has established a Fair Wage Office that 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.

# City of Pickering adopted Fair Wage Policy in June 2011 which was later repealed in January 2016.

City of Pickering adopted the Fair Wage Policy in 2011, which applied to all contracts over \$1,000,000. During the four and half years that this Policy was in force, there was only one contract that it applied to. The policy can create additional administrative processes as it relates to the construction of capital infrastructure and staff resources for monitoring policy compliance and conducting complaint-driven investigations. Critics of this policy believe that it can reduce competition, increase labour and procurement costs resulting in higher costs to the taxpayer. As such, in January 2016, Pickering Council approved staff recommendation to repeal the policy.

## Fair Wages and Hours of Labour Act was passed by the Federal Government of Canada in 1985, and was repealed in 2014.

The purpose of the Fair Wages and Hours of Labour Act and Regulations was to ensure that all workers, tradespeople and subcontractors employed on federal government construction contracts benefit from fair wages and working conditions. Contractors biding on federal construction projects, were required to meet the conditions defined in this Act and pay the wages established by the Labour Program in support of the Act and its regulations. The Fair Wages and Hours of Labour Act and Regulations were repealed on January 1, 2014, however, all federal construction contracts that contained a fair wage clause were to be governed by provisions of the Act and Regulations for the duration of that contract.

# Modernization of the Federal Government's Fair Wages Policy identified as a key priority for the Department of Employment, Workforce Development and Labour.

The mandate letter from Prime Minister Justin Trudeau to Ms. MaryAnn Mihychuk, Minister of Employment, Workforce Development and Labour, included modernization of the federal Fair

### **EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 13. 2016**

### Item 3, Finance Report No. 15 - Page 4

Wage Policy as one of the key priorities. As per the 2016–17 Report on Plans and Priorities by the Employment and Social Development Canada, modernization of Fair Wages Policy has been identified as one of the key supporting initiatives for department priority to develop and implement policies, programs and services that support workers and employers, and work with provinces and territories to respond to the realities of today's labour market. This initiative commenced in April 2016, and is currently ongoing.

# The underground economy accounts for \$15 billion in lost economic activity in Ontario each year.

According to Statistics Canada, the nation's underground economy accounts for 2.3 per cent of the GDP resulting to approximately \$42 billion in annual economic activity. In Ontario, the underground economy accounts for \$15 billion in lost economic activity each year. Statistics Canada has also identified that the residential construction sector comprises almost 30 per cent of Ontario's underground economy, which translates into approximately \$4.5 billion in economic activity per year.

The underground economy in the residential construction sector can lead to liability issues for homeowners and lost tax revenue for government. For businesses that conduct "cash deals", there is a high probability that the business owners aren't paying protection or liability insurance and possibly avoiding license and permits to ensure workplace health and safety. This creates a significant risk for workers. On the other hand, "cash deals" and un-written contracts put customers at risk and they have no protection against poor or incomplete work, being sued if a worker gets injured, cost overruns, the use of substandard materials, damages to property or fraud.

In the 2015 Ontario Economic Outlook and Fiscal Review, the Province made a commitment to address Ontario's underground economy and maintain tax fairness. Since then, the Parliamentary Assistant Laura Albanese has been holding consultations with the residential construction industry on issues related to the underground economy. In February 2016, an Interim Report was issued by Parliamentary Assistant Laura Albanese outlining the key themes and initial recommendations resulting from the stakeholder consultations. Some of these recommendations include launching a public awareness campaign to inform Ontario homeowners, businesses, and consumers of the risks and potential liabilities associated with participation in the underground economy which will help mitigate workplace health and safety risks. Further consultations are being held before the Final Recommendations will be issued.

The Province has taken the lead on addressing the important issue of underground economy in construction industry in Ontario, and has made significant progress to date. The City will continue to monitor these reports, and where possible, fully support and participate in the initiatives led by the Province.

# Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

### **Regional Implications**

Not applicable

### **Conclusion**

The City of Vaughan currently does not have a Fair Wage Policy or a Wage Compliance Office. Based on jurisdictional research, less than 2% of the Ontario municipalities have a Fair Wage Policy. Some municipalities, similar to City of Vaughan, include "Payment for Workers" clause as

### **EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 13. 2016**

### Item 3, Finance Report No. 15 - Page 5

part of the contract documents, which requires all workers to be paid as per the minimum wage requirements of the Province, and/or union agreements. This ensures that workers are being paid fairly, while allowing public procurement process to rely on the competitive wages within the Construction industry and managing contractual costs for the City. There has been no evidence supporting a correlation between quality of work and a Fair Wage Policy.

With respect to the underground economy in the Ontario's construction industry, as a municipality, the City may not be in a position to have a direct impact, however, we will continue to support and participate in the initiatives led by the Province to address this important issue.

As part of the Procurement Policy review, staff have identified Fair Wages as one consideration. Given that work on the modernization of Fair Wage Policies is underway at the federal and provincial levels, it is advisable that the City wait to review the implications on local municipalities before further consideration of developing a policy for the City of Vaughan. Implementation of a Fair Wage Policy for the City would cause additional administrative and financial burden for the City. Ifat some point in the future the City considers moving forward to implement a Fair Wage Policy, additional resources would be required to conduct a comprehensive study, draft and implement the policy and conduct on-going compliance of the policy.

### **Attachments**

Attachment 1: Fair Wage Policies in Ontario

### Report prepared by:

Mishal Ali Manager, Procurement Services

Asad Chughtai Director, Procurement Services

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)



December 2, 2016

To: Mayor Bevilacqua and Councillors of Vaughan

Communication COUNCIL: Dec 13 EAA Rpt. No. 15 Item 3

Dear Mayor and Councillors,

The Toronto & York Region Labour Council represents 205,000 women and men who work in every sector of the economy, including many of the construction trade unions whose members build the vital infrastructure of Vaughan. I am writing to share our views about the report from the Finance, Audit and Administration Committee on developing a Fair Wage policy.

Greater Toronto has a strong, vibrant construction industry, with good co-operation between labour and management on key issues such as training and safety. It has a very high level of unionization, as contractors are able to employ a very productive construction workforce due to a strong commitment to apprenticeship training and upgrading, combined with the constant flow of new immigrants willing to work hard as new Canadians. The prevailing wage standards for almost all trades work in Vaughan are the same as Toronto, falling within OLRB Board Area 8 jurisdiction. There would not be any undue burden on staff to determine those rates.

The report suggests that a Fair Wage policy is not suitable at this time. It says that only 2% of municipalities have one - but the seven cities that do have one represent over a third of all Ontario residents. And others are considering a policy in the near future. The fact is that wages represent less than half of the value of a typical construction contract. But the fair wage regime does act as a barrier to companies that operate in the underground economy, evading WSIB payments, employer health tax, or income tax deductions.

It is apparent that this report does not reflect a full understanding of the dynamics of Fair Wage as a public policy. I would respectfully request that the report be referred back to create an opportunity to fully consult with contractors, unions and industry experts on the best approach for the City to take.

Sincerely,

John Cartwright President

cope 343

15 Gervais Drive, Suite 407 Toronto, ON, M3C 1Y8 416-441-3663 (tel) • 416-445-8405 (fax) www.labourcouncil.ca







## memorandum

C 2 COMMUNICATION FAA - DECEMBER 5 / 2016

DATE:

December 1, 2016

TO:

MAYOR AND MEMBERS OF COUNCIL

FROM:

DANIEL KOSTOPOULOS, CITY MANAGER

LAURA MIRABELLA-SIDDALL, CHIEF FINANCIAL OFFICER AND CITY TREASURER

ASAD CHUGHTAI, DIRECTOR OF PROUCREMENT SERVICES

RE:

FINANCE, ADMINISTRATION AND AUDIT COMMITTEE - DECEMBER 5, 2016 FEASIBILITY ASSESSMENT - FAIR WAGE POLICY FOR CITY OF VAUGHAN

### Recommendation

The City Manager, Chief Financial Officer and City Treasurer and the Director of Procurement Services recommend:

1. That this communication be received.

### **Purpose**

The purpose of this communication is to provide supplemental information for the Finance, Administration & Audit Committee Report 12, Item 3 on December 5, 2016. This Communication provides information on the Ontario's Fair Wage Policy and Schedules and update on current City practices.

### Background

The Government Contracts Hours and Wages Act was enacted by the Province of Ontario in 1936, and was repealed effective September 4, 2001.

In 1995, Fair Wage Schedules and Labour Conditions under Ontario's Fair Wage Program, which is separate from the Government Contracts Hours and Wages Act, was put into force by the Province through Order-in-Council 773/95 (OIC), effective April 1st, 1995. These schedules applied to government contracts for construction, security, and cleaning services. For construction, fair wage schedules are set out for the industrial, commercial and institutional (ICI), sewer and water main, and roads construction sectors. In the ICI sector, wage rates were set out for each trade for 27 different urban and non-urban zones across the Province of Ontario.

Section 4 of the OIC 773/95 directed the Ministry of Labour to update the schedules on April 1st of every year, however, this section was repealed later that year. As a result, Ontario's fair wage schedules have not been updated since 1995, but are still enforceable. Compliance with Ontario's Fair Wage Schedules and Labour Conditions is achieved through self-policing. Any complaints received are administered by the Employment Practices Branch of the Ministry of Labour. The Province is currently undergoing a review and update of the Fair Wage Policy and Schedules lead by the Employment, Labour and Corporate Policy Branch of the Ministry of Labour.

Similar to City of London and City of Greater Sudbury, City of Vaughan contracts include a clause that where a collective agreement does not exist, all workers shall be paid in accordance with Ontario's Fair Wage Schedules.

In 2003, Council passed a resolution that a Task Force be established to review the City's tender documentation requirements and related policy and procedures. The Tendering Task Force members included the City Manager, 3 representatives from industry associations, and external legal counsel. The

Task Force reviewed and revised the Construction Tender Document, which included "Payment of Workers" clause. Since the approval, few updates were made to the Document as approved by the City Council or Legal Services. No changes were made to the "Payment of Workers" clause which referred to Fair Wage Schedules of the Labour Standards Branch, of the Ontario Department of Labour. The Ontario Department of Labour was renamed as the Ministry of Labour.

The City will update the Payment of Workers clause in the City's contract documents to refer to "Ontario's Fair Wage Schedules as per the Ministry of Labour". Additionally, as part of the Procurement Modernization project, the City will be conducting a comprehensive review of all Procurement documentation, and making updates as necessary.

Respectfully submitted,

Daniel Kostopoulos City Manager

Laura Mirabella-Siddall

Chief Financial Officer and City Treasurer

Asad Chughtar

Director of Procurement Services



## **Carpenters' District Council of Ontario**

United Brotherhood of Carpenters & Joiners of America

222 Rowntree Dairy Road, Woodbridge, ON L4L 9T2 **t:** 905 652-4140 **f:** 905 652-4139



Tony lannuzzi

Executive Secretary Treasurer

Wednesday December 1, 2016

Mike Yorke President

COMMUNICATION

FAA - DECEMBER 5 2016

ITEM - 3

Mayor Maurizio Bevilacqua Mayor, City of Vaughan 2141 Major Mackenzie Drive Vaughan, ON L6A 1T1

Dear Mayor Bevilacqua,

On behalf of the Carpenters' District Council of Ontario (CDC), I want to express my appreciation for council's support to move forward with a staff report on implementing a Fair Wage Policy for the city of Vaughan. However, after reviewing the report, we are disappointed to read that staff did not perform the due diligence that was requested of them by council at the Finance, Administration and Audit Committee and are therefore disappointed by the recommendations.

The CDC represents more than 26,000 men and women across Ontario in a wide range of skilled trades, including over 12,000 in the Greater Toronto Area. Headquartered in Vaughan, we are committed to providing training and apprenticeship programs that allow people from a diverse range of backgrounds to enter the workforce and build meaningful careers in carpentry, drywall and resilient flooring amongst other areas of construction. As you know from our previous communications the implementation of a Fair Wage Policy in Vaughan is of the utmost importance to the CDC executive and membership.

In addition to establishing fair wages for employees; Fair Wage Policies promote skills training, improve workplace safety, and are directly related to the uptake of apprenticeships by our younger members. Most importantly, Fair Wage Policies protect employees and municipalities from bad actors that are engaged in unfair compensation practices. When employers pay less than market value to their employees they put both quality and health and safety at risk – this does not serve the public good.

We were encouraged by the responses that we received from many on council, and by the motion directing a report. The motion that was passed in May set out clear parameters for the issues that staff were to report back on:

- a. The feasibility of implementing a Fair Wage Policy for City of Vaughan contracts.
- A review of the implementation and budget implications of Fair Wage Policies in other
  jurisdictions including, but not necessarily limited to the Cities of Toronto, Hamilton, and London
  (Ont);
- c. A review of the Province of Ontario's Fair Wage Policy, including an update from the Ministry of Labour on the progress of their announced plans to modernize the provincial Fair Wage Policy.
- d. An update from the Federal Government on their election commitment to implement a federal Fair Wage Policy.
- e. Consultations with relevant stakeholders, most particularly labour organizations with facilities in the City of Vaughan.

f. An overview of the underground economy in Ontario's construction industry and the implications it has on workplace health and safety.

The report submitted by staff does not accomplish a number of critical elements that are outlined in the motion passed by committee.

- 1) The review of Fair Wage Policies in other jurisdictions does not include any budget implications. This was included in the motion so that council can get a reasonable understanding of the cost of implementing a policy, by comparing the costs incurred by other municipalities. This information is critical to the determining the feasibility of a Fair Wage Policy in Vaughan. It also does not provide an overview of the implications around the underground economy and workplace health and safety.
- 2) The federal and provincial governments have announced plans either in their mandate letters or in speeches respectively, to modernize their Fair Wage Policies. The report contains no comprehensive update from the province or federal government about what they are thinking and timelines.
- 3) The report references language that is standard in all City of Vaughan contracts. It says that; "the minimum rate of wages shall be the current Fair Wage Schedules of the Labour Standards Branch, of the Ontario Department of Labour...". When was the last time this language was updated? I am certain that this department no longer exists under that name. This is simply further evidence of the need to modernize the city's policies. In fact the idea that a fulsome report was written by staff and didn't identify that the language in the City's contracts is incorrect and obsolete, further shows that this report was not taken seriously.
- 4) The motion calls for a consultation with stakeholders. This did not occur. The CDC met with staff on November 11<sup>th</sup>, just two weeks before the release of the report. It seemed clear that the report was already written and the City Manager had already come to the conclusion without hearing from interested stakeholders.

This report and its conclusions are simply inadequate. The adoption of a Fair Wage Policy will help Vaughan become better aligned with labour practices across Ontario. It is important for our membership that Vaughan, our hometown be a leader on labour issues and on matters of fairness. For the reasons that we have outlined above, we do not believe that this report contains the information that council needs to make an informed decision on this important issue. We request that at the Finance Administration and Audit Committee, you direct staff to complete the report based on the matters outlined in the original motion and report back as soon as possible. I will be deeply disappointed if this report, as it is currently written, is used as the basis for council's decision.

Sincerely,

Tony lannuzzi

**Executive Secretary Treasurer** 

Carpenters' District Council of Ontario

### FINANCE, ADMINISTRATION AND AUDIT COMMITTEE DECEMBER 5, 2016

### FEASIBILITY ASSESSMENT- FAIR WAGE POLICY FOR CITY OF VAUGHAN

### Recommendation

The City Manager, Chief Financial Officer & City Treasurer and the Director of Procurement Services, recommend:

1. That the City not implement a Fair Wage Policy at this time.

### **Contribution to Sustainability**

This report contributes to Service Excellence. Procurement Services supports improving the City of Vaughan's operational performance to enable the delivery of Term of Council priorities while meeting Council's tax rate increase target of no greater than three per cent each year.

Procurement Services strives to ensure that the way we acquire goods, services and construction, help ensure value-for-money and contributes to the City's long-term financial sustainability.

### **Economic Impact**

There is no economic impact associated with the receipt of this report. However, if at some point in the future the City considers implementing a Fair Wage Policy, an initial investment in consulting services will be required to conduct a comprehensive study prior to the drafting and implementation of the policy. This would also include establishment of Fair Wage Rate schedules for various trade classifications. Additional resources would also be required to monitor compliance with the Policy, including investigative services to validate the claims of Sub-Contractors as they relate to City's Fair Wage Policy. There may also be a material cost impact on City contracts that have significant labour components, for instance, construction and consulting contracts. This impact would be determined as part of the study.

### **Communications Plan**

Not applicable

### **Purpose**

The purpose of this staff report is to provide Council with information requested on the feasibility of a potential Fair Wage Policy for the City of Vaughan as per Member's Resolution from Finance, Administration and Audit Committee Meeting dated May 2, 2016. This report will discuss the City's current practice, justidictional research, resources requirements, and high-level implementation implications of a Fair Wage Policy for the City.

## **Background - Analysis and Options**

At its May 2, 2016, the Finance Administration & Audit Committee adopted the following motion which was later approved on the May 17, 2016 Council Meeting:

"That the City Manager report to a future Committee of the Whole on the following matters, prior to the end of the current calendar year:

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- e) Consultations with relevant stakeholders, most particularly labour organizations with facilities in the City of Vaughan.
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# All City of Vaughan contracts include a clause to protect workers and ensure they are being paid fairly under all City contracts.

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### City of Vaughan currently does not have a Wage Compliance Office.

Although the City contract documents include a Payment to Workers clause to protect workers against unfair wages, the City does not have a separate Wage Compliance Office. The City departments, in consultation with Procurement Services and Legal Services departments address any issues related to contract non-compliance, such as poor performance, incomplete work and non-payment of sub-contractors, on an as needed basis. To date, the City has not received any complaints relating to unfair wages made to workers under City contracts.

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# Mordernization of the Federal Government's Fair Wages Policy identified as a key priority for the Department of Employment, Workforce Development and Labour.

The mandate letter from Prime Minister Justin Trudeau to Ms. MaryAnn Mihychuk, Minister of Employment, Workforce Development and Labour, included modernization of the federal Fair Wage Policy as one of the key priorities. As per the 2016–17 Report on Plans and Priorities by the Employment and Social Development Canada, modernization of Fair Wages Policy has been identified as one of the key supporting initiatives for department priority to develop and implement policies, programs and services that support workers and employers, and work with provinces and territories to respond to the realities of today's labour market. This initiative commenced in April 2016, and is currently ongoing.

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In the 2015 Ontario Economic Outlook and Fiscal Review, the Province made a commitment to address Ontario's underground economy and maintain tax fairness. Since then, the Parliamentary Assistant Laura Albanese has been holding consultations with the residential construction industry on issues related to the underground economy. In February 2016, an Interim Report was issued by Parliamentary Assistant Laura Albanese outlining the key themes and initial recommentations resulting from the stakeholder consultations. Some of these recommendations include launching a public awareness campaign to inform Ontario homeowners, businesses, and consumers of the risks and potential liabilities associated with participation in the underground economy which will help mitigate workplace health and safety risks. Further consultations are being held before the Final Recommendations will be issued.

The Province has taken the lead on addressing the important issue of underground economy in construction industry in Ontario, and has made significant progress to date. The City will continue to monitor these reports, and where possible, fully support and participate in the initiatives led by the Province.

### Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

N/A

### **Regional Implications**

Not applicable

### Conclusion

The City of Vaughan currently does not have a Fair Wage Policy or a Wage Compliance Office. Based on justisdictional research, less than 2% of the Ontario municipalities have a Fair Wage Policy. Some municipalities, similar to City of Vaughan, include "Payment for Workers" clause as part of the contract documents, which requires all workers to be paid as per the minimum wage requirements of the Province, and/or union agreements. This ensures that workers are being paid fairly, while allowing public procurement process to rely on the competitive wages within the Construction industry and managing contractual costs for the City. There has been no evidence supporting a correlation between quality of work and a Fair Wage Policy.

With respect to the underground economy in the Ontario's construction industry, as a municipality, the City may not be in a position to have a direct impact, however, we will continue to support and participate in the initiatives led by the Province to address this important issue.

As part of the Procurement Policy review, staff have identified Fair Wages as one consideration. Given that work on the modernization of Fair Wage Policies is underway at the federal and provincial levels, it is advisable that the City wait to review the implications on local municipalities before further consideration of developing a policy for the City of Vaughan. Implementation of a Fair Wage Policy for the City would cause additional administrative and financial burden for the City. Ifat some point in the future the City considers moving forward to implement a Fair Wage

Policy, additional resources would be required to conduct a comprehensive study, draft and implement the policy and conduct on-going compliance of the policy.

## **Attachments**

Attachment 1: Fair Wage Policies in Ontario

## Report prepared by:

Daniel Kostopoulos City Manager

Mishal Ali
Manager, Procurement Services

Asad Chughtai
Director, Procurement Services

Respectfully submitted,

Asad Chughtai
Director of Procurement Services

Laura Mirabella-Siddall
Chief Financial Officer & City Treasurer

## **Attachment 1: Fair Wage Policies in Ontario**

## Attachment 1

Municipality	Implementation Year <sup>1</sup>	Last Update	Threshold	Fair Wage Office	Population <sup>2</sup>
Toronto	1893	2013	All City contracts	Yes	2,615,060
Hamilton	1998	2016	For all construction contracts with an estimated value of \$500,000 and more	No	519,949
London	1986	2011	All City contracts. Fair Wage Schedules based on Fair Wage Schedules applicable in the zone which incorporates the City of London under the provincial "Fair Wage Policy"	No	366,151
Oshawa	1960's	2007	On all Industrial Commercial Institutional Construction Contracts with an estimated value of \$500,000 and more	No	149,607
Greater Sudbury	1995	1995	For all new building and renovation construction over \$160,000	No	160,274
Thunder Bay	2003	2012	On all Industrial Commercial Institutional Construction Contracts with an estimated value of \$100,000 and more	No	108,359
Clarington	2005	2015	On all Industrial Commercial Institutional Construction Contracts with an estimated value of \$1,000,000 and more	No	84,548

http://www.greatersudbury.ca/content/div\_councilagendas/documents/Fair\_Wage\_Dec\_14\_05.pdf https://en.wikipedia.org/wiki/List\_of\_cities\_in\_Ontario