



# TORONTO STAFF REPORT

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March 1, 2002

To: Administration Committee

From: Commissioner of Corporate Services and Manager, Fair Wage and Labour Trades Office

Subject: Fair Wage Policy Enhancements and Procedures Review

Purpose:

To report to the Administration Committee on recommendations that will improve the efficiency and the effectiveness of the City's Fair Wage Policy.

Source of Funds:

There are no financial implications arising from this report in 2002. The proposed increase in the administrative fee may result in additional revenue to the City.

Recommendations:

It is recommended that:

1. the Manager, Fair Wage and Labour Trades Office, in consultation with the City Solicitor and the Purchasing & Materials Management Division, continue to review the internal approval process for bidders and implement any new internal methods that will further provide the City with reasonable assurance that the successful bidders will, in fact, abide by the conditions under the Fair Wage Policy;
2. the current ten percent administration fee for non-compliance as stipulated in the Fair Wage Policy (Appendix A) under section (D), sub-section (g) be increased to fifteen percent;
3. the Fair Wage Policy be enhanced to clearly state that the said policy conditions apply to all subcontractors working on city projects;
4. the Manager, Fair Wage and Labour Trades Office, in consultation with city officials implement an internal process to ensure that specific contractors and

suppliers attach to accounts rendered for payment of money a statutory declaration affirming compliance with the Fair Wage Policy;

5. the Fair Wage Policy be enhanced to state that the City will have the authority to investigate claims up to six months after the date of substantial completion of a contract;
6. the Fair Wage Policy be enhanced to include a “disqualification” clause that stipulates “where a contractor is found to be willfully or flagrantly in non-compliance in two separate instances over a period of three years inclusive, the said contractor will be disqualified from bidding on City work for a period of one year.”
7. the Fair Wage and Labour Trades Office submit a request for additional funding during the 2003 operating budget cycle to increase the staffing levels of the office by one FTE;
8. the Commissioner of Corporate Services and the Manager, Fair Wage and Labour Trades Office take the necessary steps to change the name of the Fair Wage and Labour Trades Office to “Fair Contracting Office” and to ensure that the job functions and titles of the office are clearly defined to reflect the new name enhancement;
9. the City Solicitor submit a draft bill (Appendix B) to Council that stipulates the necessary amendments to By-law No. 51-71 to ensure that the mandate and authorities for settlements and other matters are clearly defined; and
10. this report be forwarded to the Audit Committee for their information as a status report for its meeting on April 11, 2002 (Appendix C).

#### Background:

City Council, at its regular meeting held on April 23, 24, 25, 26 and 27, 2001 and its special meeting held on April 30, May 1 and 2, 2001, adopted a confidential report contained in Clause No. 10 of Report No. 3 of The Audit Committee, entitled “Fair Wage Policy and Procedures Review.” The City Auditor undertook a review of the policies and procedures administered by the Fair Wage and Labour Trades Office to determine their efficiency and effectiveness in ensuring compliance with the City’s Fair Wage Policy, and to report on any deficiencies, along with the recommendations for corrective action.

#### Comments:

The Fair Wage Policy has, as a central principle, the prohibition of the City doing business with contractors and suppliers who discriminate against their workers. The establishment of conditions under the Fair Wage Policy and fair wage rates are intended to:

- a) Minimize potential conflicts between organized and unorganized labour in the tendering and awarding of civic contracts by levelling the bidding playing field;
- b) Ensure that local businesses in the GTA have a fair chance to bid successfully with companies from other areas where the cost of living or commercial taxes may be substantially lower, thus protecting the standard of living of both the companies and the workers;
- c) Help ensure that contracts for government work are bid and won on the basis of skill and efficiency, and not by depressed wages;
- d) Safeguard the high skill levels in Toronto's workforce by maintaining good wages;
- e) Reduce long-term social costs on the city by promoting good pension, health and welfare benefits as part of workers' overall wage packages;
- f) Help ensure a future pool of qualified tradespersons by supporting apprenticeship efforts by the construction industry;
- g) Help to ensure that apprentices are engaged on city work, thus reducing labour costs; and
- h) Send a clear message to suppliers of goods and services that companies can compete fairly on city contracts. This will result in the City receiving a greater number of competitive bids with direct substantial savings to the City.

The following revisions to both the Fair Wage Policy and By-law 51-71 are proposed and are fully detailed in the recommendations:

- Paragraph (D), sub-section (g) of the Fair Wage Policy will now read "If the Contractor fails to pay any worker (or if any owner of a truck or other vehicle fails to pay any driver) wages at the rate called for in paragraph (D), the Corporation may pay the balance necessary to make up the amount that should have been paid from the contractor's progress draw or holdback and may charge an administrative fee not in excess of *fifteen percent* of such balance to the Contractor."
- New clause in Paragraph (D) of the Fair Wage Policy will state "The provisions of the Fair Wage Policy apply equally to contractors and all sub-contractors engaged in work for the City of Toronto. It is understood that contractors cannot sub-contract work to any sub-contractor at a rate lower than called for in the Fair Wage Policy. Contractors or general contractors will be responsible for any violations or non-compliance issues arising from the engagement of any sub-contractor on city work."
- New clause (iv) in Paragraph (D), sub-section (d) of the Fair Wage Policy will state "The Fair Wage and Labour Trades Office will have the authority to request any information respecting wages of workers, names of workers, records of amounts

paid to each, paysheets, original books, etc. that may be desired by the Manager in connection with the Work that has been substantial completed within the past six months.”

- New Paragraph in the Fair Wage Policy entitled “Disqualification Provisions” will state (i) “When a general contractor, contractor or any sub-contractor is found to be willfully or flagrantly in non-compliance with the provisions of the Fair Wage Policy in two separate instances over a period of three years inclusive, the Manager, Fair Wage and Labour Trades Office will recommend to the Administration Committee that the said contractor be disqualified from bidding on City work for a period of one year inclusive. (ii) After the disqualifying period is over, the said contractor will be placed on probation. If another violation occurs, the recommendation to the Administration Committee will be for the said contractor to be disqualified for a period of two years inclusive. (iii) After such time, the firm is again put on probation and if the contractor is again found to be in non-compliance on any city work, the recommendation to the Administration Committee will be for the company to be removed indefinitely from the City of Toronto bidders’ list.”

The following revisions to By-law 51-71 are being proposed:

- Paragraph 2 (2) is to read “To receive and investigate complaints as to any matter or thing relating to the rate of wages, hours of labour or conveniences provided for workers and alleged discriminatory practices in connection with the performance of any City contract and any other matter relating to the Fair Wage Policy.”
- Paragraph 2 (3) is to read “To prepare schedules setting out the rates of wages which in his or her opinion should be paid to each classification of worker (including drivers of vehicles) engaged in the performance of City contracts and the number of hours which should constitute a day’s work for each such class, and, for the purposes of preparing any such schedule, to confer with representatives of employers and labour, as necessary and with the method of establishing wage rates as adopted by City Council on February 29, March 1 and 2, 2000, as amended, Clause No. 3 of Report No. 4 of the Administration Committee headed “Amending Fair Wage Schedules and related Items.”
- Paragraph 2 (4) is to read “To investigate and obtain full and accurate information as to labour and conditions under which all City contracts are performed, including the name of any contractor whom he or she has found has failed to pay or cause to be paid to any worker wages according to the provisions of his or her contract with the City, together with the name and address of such worker, his or her occupation, the time he or she was employed, the amount of wages payable according to the terms of the contract, and the amount of wages actually paid to such worker.”
- New Clause to read “To report to the Administration Committee all issues respecting the ‘Disqualification Provisions’ under the Fair Wage Policy.”
- New Clause to read “To report to the Administration Committee all cases where the contractor has been found in violation of the Fair Wage Policy and cannot fully pay

their workers the appropriate amounts under the schedule of rates of wages and hours of labour.”

Recommendations:

1. The Manager, Fair Wage and Labour Trades Office, in consultation with the City Solicitor and the Purchasing & Materials Management Division, continue to review the internal approval process for bidders and implement new internal methods that will further provide the City with reasonable assurance that the low bidders will, in fact, abide by the conditions under the Fair Wage Policy.

The internal approval process for bidders has been fully reviewed. The City Solicitor has indicated that from a legal standpoint the review and the approval of any bidder must be in harmony and in adherence with any city by-law or policy. The amount of scrutiny or review process must be clearly identified. The Director of Purchasing & Materials Management Division has reviewed their approval process with respect to receiving “fair wage” approval by the Fair Wage and Labour Trades Office for all requests for quotations, tenders, requests for proposals, etc. The Director of Purchasing & Material Management Division has stated that his division would like a clear indication by the Fair Wage and Labour Trades Office on the exact status on a supplier or contractor being recommended for approval.

Currently, all contracts and tenders are subject to approval and monitoring by the Fair Wage and Labour Trades Office. When the recommended bidders are approved by the office, a standard statement that reads: “The Fair Wage & Labour Trades Office has reported favourably on the firm recommended” is included in reports to the Bid Committee and Standing Committees of Council. This statement may seem misleading to some and does not fully reveal the details of the status of the firm being recommended. Therefore, effective immediately, the statement will be revised to read: “The Fair Wage and Labour Trades Office has reported that the recommended firm has indicated they have reviewed and understand the conditions under the Fair Wage Policy and have agreed to fully comply.”

The following questions on a new form letter will be sent to suppliers of goods and services that are being considered for city work:

- Does your Firm have a Union Agreement?
- If yes, state Union Name, Local Number and Worker Group represented:
- Will your Firm be engaging any Sub-Contractors?
- If yes, state names and addresses and type of sub-contracting work:
- Has your Firm fully reviewed the provisions under the Fair Wage Policy?
- Does your Firm understand your obligations under the provisions of the Fair Wage Policy?
- Will your Firm agree to fully comply with all of the provisions of the Fair Wage Policy?
- List Wage Rates to be paid to the different classifications of your employees engaged on city work:
- This information and wage rates shall be effective until.....(state expiry date)
- Signature and Title and date required.

In addition to the above enhancements, a new review process has been established with regular monthly meetings with the Executive Director, Human Resources Division. The purpose of these monthly meetings will be to review the work and mandate of the Fair Wage and Labour Trades Office and includes the review and approval process, and to discuss issues arising from the work of the office and reporting any applicable matters directly to the Administration Committee.

Under this recommendation, the internal degree of scrutiny and procedures will further enhance the approval process.

2. The current ten percent administration fee for non-compliance as stipulated in the Fair Wage Policy under section (D), sub-section (g) be increased to fifteen percent.

The Fair Wage and Labour Trades Office conducts payroll audits. If there is a wage non-compliance shortfall on the part of a firm, that firm may be charged a ten percent administrative fee on the amount of wage discrepancies noted, in addition to compensating the workers up to the fair wage rates. The City Auditor noted that the ten percent administration charge may not be significant enough to effectively deter non-complying suppliers from submitting a low bid on future City contracts based on lower than fair wage labour rates. The construction industry has stated similar concerns. Under this recommendation, the increase in the administrative fee will further ensure adherence to the Fair Wage Policy.

3. The Fair Wage Policy be enhanced to clearly state that the said policy conditions apply to all subcontractors working on city projects.

Although the word “subcontractors” is included in the Fair Wage Policy, stronger language is needed to clearly underscore the responsibility of general contractors that the Fair Wage Policy applies equally to all subcontractors they engage on city projects; and if any of the subcontractors don’t comply, the general contractor is ultimately held responsible.

4. The Manager, Fair Wage & Labour Trades Office, in consultation with city officials implement an internal process to ensure that specific contractors attach to accounts rendered for payment of money a statutory declaration affirming compliance with the Fair Wage Policy and that the contractor be subject to any payroll audit as necessary.

Section (D), sub-section (k) of the Fair Wage Policy stipulates that “the contractor shall attach to all accounts rendered for payment of money upon the contract, a statutory declaration affirming that the requirements of the foregoing paragraphs have been fully complied with.” The submission of a statutory declaration is especially important in large contracts and is commonly required by other government jurisdictions.

When a contractor will be reviewed under the provisions of the Fair Wage Policy, a notice may be sent to the contractor prior to completion of any city work requiring them to submit a statutory declaration affirming compliance with the Fair Wage Policy. The notice in part will state the following “Under the provisions of the Fair Wage Policy (Paragraph (D), Sub-section (k), the Contractor shall attach to accounts rendered for payment of money upon the contract, a statutory declaration affirming that the requirements of the foregoing paragraphs have been fully complied with. In this regard, please submit to the Fair Wage and Labour Trades Office notice of such compliance upon substantial completion of the said work.” Under this recommendation, the new internal process will be implemented and ensure that contractors submit the required documents.

5. The Fair Wage Policy be enhanced to state that the City will have the authority to investigate claims up to six months after the date of substantial completion of a contract.

The Fair Wage Policy is based on contract law. By including the said policy in quotation, proposal and tender documents, the contractor is bound to the conditions as outlined in the policy for that particular contract. After final and full payment is made to the contractor, the contractor does not have any more obligations under the current conditions of the Fair Wage Policy for the contract that they have just completed. However, there may be instances and circumstances where workers may contact the city after a contract has been completed with a fair wage claim; or a specific non-compliance on the part of the contractor may come to light after the contract has been fully completed. Under this recommendation, the flexibility of the Fair Wage Policy is further enhanced and strengthened.

6. The Fair Wage Policy be enhanced to include a “disqualification” clause that stipulates “where a contractor is found to be willfully or flagrantly in non-compliance in two separate instances over a period of three years inclusive, the said contractor will be disqualified from bidding on City work for a period of one year.

The City has no formal policy to disqualify a supplier with a poor Fair Wage Policy compliance record from bidding on future City contracts. The City of Hamilton does disqualify a contractor or subcontractor from bidding on one of their contracts if a contravention was noted twice within a five-year period. In British Columbia, the disqualification period is one year for the first contravention and three years for the second contravention, and a list of non-complying contractors is maintained on its website and updated regularly.

The construction industry was consulted and the consensus was that disqualifying a contractor from bidding on city work for one year for two separate non-compliance violations over a period of three years was fair and reasonable. After the disqualifying period is over, the specific company will be placed on probation. If another occurrence of non-compliance takes place, the recommendation will be for the company to be disqualified for two years. After such time, the firm is again on probation and if they are once again found to be in non-compliance on any city work, the recommendation

will be for the company to be removed indefinitely from the City of Toronto bidders' list.

A report detailing the specific contractor and their violations will be submitted to the Administration Committee prior to the contractor being removed from the City's bidders' list. At that time, the contractor may make a deputation to the committee if they wish to do so.

7. The Fair Wage and Labour Trades Office submit a request for additional funding during the 2003 operating budget cycle on increasing the staffing levels of the office by one FTE.

The addition of new resources was approved by City Council in 2000, subject to funding being provided via the Budget Review process. However, during the 2001 and 2002 operating budget cycle, funding for the additional resources was not approved. Prior to Amalgamation, the Fair Wage Policy and Labour Trades contractual obligations function was performed by the office and encompassed the former City of Toronto and the former Municipality of Metropolitan Toronto. With amalgamation, the Fair Wage Policy and the Labour Trades contractual obligations function expanded and extended to include all of the "new" City of Toronto. There has been no increase in staffing levels with amalgamation. The current staff consists of three FTE.

With the additional FTE in place, monitoring City contracts for Fair Wage Policy compliance on a regular basis will be achieved. Currently only about 25 payroll audits are conducted with the existing staffing levels based on some 1,577 construction related contracts issued per year. This amounts to only 1.5 percent of all construction contracts being audited for payroll violations. The City Auditor has indicated that this is unacceptable to ensure that firms are complying with the Fair Wage Policy. With the additional staff resources, it is projected that some 150 audits will be conducted per year, and cover about 10% of all construction contracts being issued.

8. The Commissioner of Corporate Services and the Manager, Fair Wage and Labour Trades Office take the necessary steps to change the name of the Fair Wage and Labour Trades Office to "Fair Contracting Office", and to ensure that the job functions and titles of the office are clearly defined to reflect the new name enhancement.

The current name of the Fair Wage and Labour Trades Office does not realistically reflect the entire scope and mandate that the office has. The current office not only deals with all aspects of the Fair Wage Policy, but has other responsibilities over:

- a. the "labour trades contractual obligations" in the construction industry;
- b. ensuring benefit packages form part of workers' overall wages;
- c. the Fair Wage Policy includes an anti-discrimination clause that ensures that workers are not discriminated against when engaged on city work;
- d. the Fair Wage Policy also includes a health and safety clause;
- e. meet regularly with contractors and employer & employee groups on a variety of issues.

One of the primary goals of the office and the Fair Wage Policy is to provide a level playing field for all contractors and subcontractors wishing to compete on civic projects. This results in seeing the best possible return for the City's investment – the expenditure of taxpayers' money in the most efficient and economic manner possible while “contracting” business is being conducted in a fair manner to all contractors and workers. The name enhancement reflects that commitment by the City.

9. The City solicitor submit a draft bill to Council that makes the necessary amendments to By-law No. 51-71 to ensure that the mandate and authorities for settlements and other matters are clearly defined.

There are basically three significant revisions to the existing by-law. The first one deals with reporting to committee all complaints relating to rates of wages, number of hours, etc. This is not required, as most complaints are considered incidental, routine and resolved quickly. Furthermore, a new system will be in place under Recommendation No. 6, where a report detailing the infractions will be reported directly to the Administration Committee. The second revision is a technical amendment that ensures that fair wage schedules are revised in accordance with Clause No. 3 of Report No. 4 of the Administration Committee, adopted by Council on February 29, March 1 and March 2, 2000. The third revision is a new clause that states: “To report to the Administration Committee all cases where the contractor has been found in violation of the Fair Wage Policy and cannot fully pay their workers the appropriate amounts under the schedule of rates of wages and hours of labour.”

10. This report be forwarded to the Audit Committee for their information as a status report for its meeting on April 11, 2002 (Appendix C).

#### Conclusions:

The implementation of the recommendations in this report will assist the City in establishing a proper infrastructure for the office, improve the effectiveness of the Fair Wage Policy enforcement program, and help maintain the integrity of the Fair Wage Policy.

The City Auditor, the City Solicitor and the Director of Purchasing and Materials Management have all been consulted on the recommendations of this report.

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Joan Anderton  
Commissioner of Corporate Services

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Louie Gervasi  
Manager, FWLTO

**APPENDIX B****OFFICE CONSOLIDATION**

**This consolidation is prepared for convenience only; for accurate reference see by-laws as adopted by City Council.**

**BY-LAW NO. 51-71**

A By-law to provide for the appointment of the Manager, Fair Contracting Office and to define the duties of the person so appointed. (502-83) (1994-0483)

(Passed March 3, 1971)

As amended by By-law Nos.: 502-83, 1994-0483, 1996-0411

The Council of the Corporation of the City of Toronto enacts as follows:

1. There shall be appointed for the City of Toronto, an officer, to be known as 'the Manager, Fair Contracting Office', who shall be deemed to be a member of the service area of the Commissioner of Corporate Services and, subject always to the provisions of this By-law, under the control of the Commissioner of Corporate Services with respect to administrative matters including, without limiting the generality of the foregoing, routine personnel matters such as provision of clerical services, attendance, vacation scheduling, sick pay authorization, increment recommendations, recording and control of budget allocation and petty cash authorization. (502-83) (1994-0483) (1996-0411)
2. The duties of the Manager, Fair Contracting Office shall include: (502-83) (1994-0483)
  - (1) To collect and keep accurate information respecting the rate of wages and fringe benefits from time to time paid to each classification of worker engaged in the performance of any City contract, and the number of hours per day worked by each such class. (1994-0483)
  - (2) To receive and investigate complaints as to any matter or thing relating to the rate of wages, hours of labour per day or conveniences provided for workers and alleged discriminatory practices in connection with the performance of any City contract and any other matter relating to the Fair Wage Policy. (1994-0483)
  - (3) Prepare schedules setting out the rates of wages which in his or her opinion should be paid to each classification of worker (including drivers of vehicles) engaged in the performance of City contracts and the number of hours which should constitute a day's work for each such class, and, for the purposes of preparing any such schedule, to confer with representatives of employers and labour, as necessary. (1994-0483)
  - (4) To investigate and obtain full and accurate information as to labour and conditions under which all City contracts are performed, including the name of any contractor whom he or she has found has failed to pay or cause to be paid to any worker wages according to the provisions of his or her contract with the City, together with the name and address of such worker, his or her occupation, the time he or she was employed, the amount of wages payable according to the terms of the contract, and the amount of wages actually paid to such worker. (1994-0483)

- (5) To investigate and inspect from time to time, as he or she may consider necessary, the books and records of contractors employed or engaged in the performance of any City contract so as to ensure that each such contractor is keeping proper books and records as required by the contract, and to report in respect thereto to the Administration Committee, as may be necessary. (1994-0483)
  - (6) To inspect and view from time to time the place or premises where any City contract is being executed so as to ensure that the contractor has posted and kept posted in a conspicuous place, open to the view of all workers, the schedule of rates of wages and hours of labour contained in the contract and a copy of the Fair Wage Policy. (1994-0483)
  - (7) To ensure that the City's contractual obligations in the construction industry, with respect to using certified labour trades are being met. (1994-0483)
  - (8) To ensure compliance with the conditions under the Fair Wage Policy and Labour Trades Contractual Obligations Document. (1994-0483)
  - (9) To report to the Administration Committee any issues relating to the Fair Wage Policy or recommended revisions that are deemed appropriate.
  - (10) To report to the Administration Committee all cases where the contractor has been found in violation of the Fair Wage Policy and cannot fully pay their workers the appropriate amounts under the schedule of rates of wages and hours of labour.
  - (11) To report to the Administration Committee all issues respecting the "Disqualification Provisions" under the Fair Wage Policy.
  - (12) To perform such other duties as may from time to time be assigned to him or her by the Administration Committee or the City Council. (1994-0483)
3. Subject to the provisions of the By-law, all the provisions of By-law No. 4295, as amended, relating generally to officials of the Corporation shall apply to the Fair Wage Officer.
  4. By-law No. 13456 being "A By-law To provide for the appointment of a Fair Wage Officer and to define his duties", passed December 14, 1931 and all by-laws amending the same, are hereby repealed.

~~WILLIAM DENNISON,  
Mayor.~~

~~G. T. BATCHELOR,  
Deputy City Clerk.~~

~~COUNCIL CHAMBER,  
Toronto, March 3, 1971.  
(L.S.)~~

## APPENDIX C

The following recommendations by the Audit Committee were made (Clause No. 10 of Report No. 3 of the Audit Committee):

- (1) Recommendation No. (1) of the confidential report (January 31, 2001) from the City Auditor be amended to read:

‘(1) the Commissioner, Corporate Services Department and the Manager, Fair Wage and Labour Trades Office, in consultation with the City Solicitor and the City Auditor, review the Fair Wage Policy and current procedures, and report to the Administration Committee by June 30, 2001 on the necessary amendments to the Fair Wage Policy and By-law No. 51-71, to ensure that the mandate, duties, authorities for settlements and other matters, and reporting requirements of the Fair Wage and Labour Trades Office are clearly defined;

## ACTION TAKEN:

- Several Fair Wage Policy enhancements are being proposed and a new draft bill that replaces By-law No. 51-71 will ensure that the mandate, duties, authorities for settlements and other matters, and the reporting requirements of the office are clearly defined.
- Any proposed "fair wage" settlements will be reported directly to the Administration Committee.
- Any action on the proposed Disqualification Clause will also be reported to the Administration Committee.
- The duties and mandate of the office will be revised under a new by-law that will reflect these changes.

## IMPLEMENTATION DATE:

Immediately after City Council adoption of this report at its' proposed meeting of April 16, 2002.

- (2) Recommendation No. (3) of the confidential report (January 31, 2001) from the city Auditor be amended to read:

‘(3) the Commissioner, Corporate Services Department and the Manager, Fair Wage and Labour Trades Office, in consultation with the City Solicitor, the City Auditor and the Director, Purchasing and Materials Management Division, report to the Administration Committee by June 30, 2001 on a proposed program infrastructure, including policies, procedures, options and resource requirements

to cost effectively enforce the Fair Wage Policy, taking into account and reporting on the following matters:

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- (a) the necessary amendments to the Fair Wage Policy, as well as standard terms and holdback provisions included in the City contracts/tenders, to strengthen the City's authority in enforcing the Fair Wage Policy. Specifically, the City's rights and authority with respect to auditing payroll records, obligations of contractors and subcontractors, should be clearly defined in the Fair Wage Policy and in all contract and tender documents;

**ACTION TAKEN:**

- Proposed recommendation will include a separate clause in the Fair Wage Policy that gives the City the right to review past payroll records of companies doing business with the City for the past six months after substantial completion of their Contract.
- Stronger sub-contracting language will be included in the Fair Wage Policy that clearly defines the responsibility of both contractors and subcontractors.

**IMPLEMENTATION DATE:**

Immediately after City Council adoption of this report at its' proposed meeting of April 16, 2002.

- (b) a policy to deal with non-compliance, including the option of increasing the administration fee to more than 10 percent of the wage discrepancies noted, and disqualification from future contract awards;

**ACTION TAKEN:**

- Proposed recommendation is to increase the current administration fee for non-compliance from ten percent to fifteen percent.

**IMPLEMENTATION DATE:**

Immediately after City Council adoption of this report at its' proposed meeting of April 16, 2002.

- (c) the roles of the Fair Wage and Labour Trades Office, Purchasing and Materials Management Division and user departments in

authorizing contract awards and monitoring conformance to terms and conditions relating to the fair wage matters;

**ACTION TAKEN:**

- Discussions were held with both the Legal and the Purchasing Divisions.
- New review procedures are now implemented that will further ensure that fair wage matters are satisfactorily adhered to.
- Information request forms that are currently sent to suppliers will more clearly outline their obligations under the Fair Wage Policy.
- The Purchasing Division will continue to be made aware of a supplier's status as it pertains to complying with the Fair Wage Policy.

**IMPLEMENTATION DATE:**

On-going.

- (d) the criteria and procedures used by the Fair Wage and Labour Trades Office to determine whether a bidder meets the Office's requirements (i.e., the basis for approving and reporting favourably on the firm recommended);

**ACTION TAKEN:**

- New recommendation will revise the wording that is currently used in reports recommending suppliers for award.
- Suppliers will now be more accountable for their actions in fulfilling their obligations under city contracts.

**IMPLEMENTATION DATE:**

Immediately after City Council adoption of this report at its' proposed meeting of April 16, 2002.

- (e) the feasibility of focusing enforcement of the Fair Wage Policy on certain trades, taking into account the associated risks, costs, benefits and resource implications of this option;

**ACTION TAKEN:**

- A system will be in place to focus or "blitz" suppliers in certain areas of work during the year, i.e. focus attention on paving contractors in the summers months.

IMPLEMENTATION DATE:

On-going.

- (f) the feasibility of implementing new initiatives, including maintaining a corporate registry of non-complying contractors; validating past policy compliance history of all contractors and subcontractors; cyclical and random payroll audits on certain type or value of city contracts, including subcontractors; and the inclusion of fair wage compliance in a corporate supplier/contractor's performance evaluation report;

ACTION TAKEN:

- A new initiative is being recommended where if a company is found to be in violation of the Fair Wage Policy, the company may be removed from the City's bidders' list.
- Fair Wage Policy to be enhanced to clearly state the conditions of the policy apply equally to general contractors, contractors and all sub-contractors engaged on city work.

IMPLEMENTATION DATE:

Immediately after City Council adoption of this report at its' proposed meeting of April 16, 2002.

- (g) the appropriate performance indicators required to evaluate and report on the performance of the Fair Wage and Labour Trades Office with respect to the efficiency and effectiveness of enforcing the Fair Wage Policy and other services rendered;

ACTION TAKEN:

- A new review process has been established with regular monthly meetings with the Executive Director, Human Resources Division. The purpose of these monthly meetings will be to review the work and mandate of the Fair Wage and Labour Trades Office and includes the review and approval process, and to discuss issues arising from the work of the office and reporting any applicable matters directly to the Administration Committee.

IMPLEMENTATION DATE:

On-going.

- (3) the confidential report (January 31, 2001) from the City Auditor, as amended by Recommendation Nos. (1) and (2) be adopted;
- (4) the Commissioner, Corporate Services Department and the Manager, Fair Wage and Labour Trades Office, in consultation with the City Auditor, review the extent of the payroll audits set out in Recommendation No. 3(g) and report thereon to the Audit Committee; and

ACTION TAKEN:

- Proposal for additional funding during the 2003 operating budget cycle.
- Review of payroll audits reveals that only about 25 payroll audits are conducted with the existing staffing levels based on some 1,577 construction related contracts issued per year. This amounts to only 1.5 percent of all construction contracts being audited for payroll violations. The City Auditor has indicated that this is unacceptable to ensure that firms are complying with the Fair Wage Policy. With the additional staff resources, it is projected that some 150 audits will be conducted per year, and cover about 10% of all construction contracts being issued.

IMPLEMENTATION DATE:

2003.

- (5) the Commissioner, Corporate Services Department and the Manager, Fair Wage and Labour Trades Office, in consultation with the City Solicitor, the City Auditor and the Director, Purchasing & Materials Management Division, report to the Audit Committee on the status of the implementation of the recommendations contained in the confidential report (January 31, 2001) from the City Auditor.”)

ACTION TAKEN:

- Copy of this report and any amendments made by the Administration Committee will be forwarded to the Audit Committee for its' meeting on April 11, 2002.

