

Amending the Fair Wage Schedules

Date:	January 5, 2007
To:	General Government Committee
From:	Manager, Fair Wage Office
Wards:	All
Reference Number:	TBD

SUMMARY

The purpose of this report is to update the Fair Wage Schedules as required by the Fair Wage Policy. The intent of the Fair Wage Policy in part is to maintain a level playing field between unionized and non unionized labour wage rates when bidding on City of Toronto work. Developed in consultation with industry stakeholders, the Fair Wage Schedules reflect wage increases recognized by the construction labour markets.

The proposed Fair Wage Schedules will be in place for all new City procurement documents effective March 1, 2007. All City contracts or procurement documents issued before March 1, 2007 will follow the former Fair Wage Schedules. An amendment to the Fair Wage Policy will clarify this for all bidders.

LINKS TO BACKGROUND INFORMATION

Staff Report

<http://www.toronto.ca/legdocs/2003/agendas/council/cc030624/adm5rpt/cl002.pdf>

Fair Wage Office <http://www.toronto.ca/fairwage>

RECOMMENDATIONS

It is recommended by the Manager, Fair Wage Office that:

1. City Council delete Schedule C of the Municipal Code Chapter 67 and adopt the Fair Wage Schedules, attached to this report in Attachment "A", as the new Schedule C of the Municipal Code Chapter 67;

2. The Fair Wage Schedules, attached as Attachment “A”, become effective March 1, 2007, (the “effective date”) for new Tenders, Requests for Quotation, Requests for Proposals, Purchase Orders, and Divisional Purchase Orders issued by the City;
3. The deleted Fair Wage Schedules remain on file and in force and effect for those contracts issued before the effective date of the new Fair Wage Schedules;
4. City Council amend Chapter 67 Schedule “A” - “Fair Wage Policy” to include the provision as set out in the draft Bylaw as Attachment “B”; and
5. City Council authorize and direct the appropriate City officials to take the necessary action(s) to implement these recommendations.

FINANCIAL IMPACT

There are no financial implications resulting from this report.

DECISION HISTORY

At its meeting on June 24, 25 and 26, 2003, City Council adopted Administration Committee Report No. 5, Clause No. 2, which included a recommendation that Fair Wage Schedules be submitted to City Council for approval every three years.

ISSUE BACKGROUND

The intent of the Fair Wage Policy (the “Policy”) is:

- (1) To produce stable labour relations with minimal disruptions
- (2) To compromise between wage differential of organized and unorganized labour
- (3) To create a level playing field in competition for City work
- (4) To protect the public
- (5) To enhance the reputation of the City for ethical and fair business dealings

The Policy requires contractors and any sub-contractors on City contracts to pay a pre-determined wage to their non-unionized workers. The pre-determined wages are set out in Schedules attached to the Policy and approved by Council. The Schedules outline trade classifications, the minimum hourly wages, hours of work and benefits paid to various classes of labourers, truck drivers and machine operators. These rates do not apply to small businesses, typically those with owner-operators, or partnerships, principals of companies as long as they undertake the work themselves.

The Fair Wage Schedules are updated and recommended to Council for approval every three years. Certain designated construction related rates are based on the lowest rate

established by collective bargaining, while the wage rates for other classifications are based on market and industrial surveys in accordance with prevailing wages for non-union workers in a geographic area.

To determine the appropriate Fair Wage rates, the Fair Wage Office consults with and receives guidance from employee and employer groups, organizations and City operating divisions.

COMMENTS

On October 25, 2006, the Fair Wage Office led discussions with employee and employer groups associations, organizations and City operating divisions to update the Fair Wage Schedules. A list of representatives who attended the discussions is attached in Attachment “C”.

The following Fair Wage Schedules have been updated and are attached as Attachment “A”:

- General Classification work
- Industrial, Commercial, Institutional (I.C.I.) work;
- Heavy Construction Work;
- Road Building;
- Sewer and Water Main Construction; and
- Utility work

Effective wage increases for proposed schedules in comparison with current schedules (2003-2004) represent roughly an annual two to three per cent increase for General classification and other construction-related schedules in accordance with prevailing collective agreements.

The construction industry has enjoyed strong economic growth over the past several years. At a time of tight labour markets for skilled craft trades, average annual wage increases in the construction industry are consistent with cost of living allowances. The Conference Board of Canada predicts the 2007 average wage increase in Ontario is expected to be 3.5 per cent.

Table 1 provides Statistics Canada’s breakdown of construction price index increases for wage rates for 2003-2005.

Table 1: Construction wage rate index 2003-2005

Geographic Jurisdiction	2003	2004	2005
Toronto	2.6%	3.1%	3.2%

The proposed Fair Wage Schedules would be effective only for new bid documents and quotes released after March 1, 2007. The proposed Fair Wage Schedules would not be binding on current City contracts in progress or contract awards in progress based on the former Fair Wage Schedules. The former Fair Wage Schedules will still apply for all City procurement documents issued before the effective date of March 1, 2007.

Attachment “B” sets out the proposed new provision signifying the above as an amendment to the Fair Wage Policy (Municipal Code, Chapter 67 Schedule A).

The Fair Wage Office will maintain copies of the former Fair Wage Schedules at the Fair Wage Office and on the Fair Wage Office website.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment “A” – Fair Wage Schedules

Attachment “B” – Draft Bylaw amending Fair Wage Policy

Attachment “C” – Construction Industry Comments

Attachment “D” – List of representatives attending Construction Industry Discussion