



## STAFF REPORT ACTION REQUIRED

### FAIR WAGE POLICY COMPARISON IN GTA MUNICIPALITIES AND OTHER ORDERS OF GOVERNMENT

<b>Date:</b>	February 1, 2007
<b>To:</b>	General Government Committee
<b>From:</b>	Manager, Fair Wage Office
<b>Wards:</b>	All
<b>Reference Number:</b>	GG2.1

#### SUMMARY

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This report responds to the request of the General Government Committee at its January 25, 2007 meeting that the Manager, Fair Wage Office provide a further report including a comparison of the City of Toronto's Fair Wage Policy to other GTA municipalities and other levels of government.

#### LINKS TO BACKGROUND INFORMATION

January 5, 2007 Staff Report

<http://www.toronto.ca/legdocs/mmis/2007/gg/agendas/2007-01-25-gg01-ar.pdf>

#### RECOMMENDATIONS

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

1. This report be considered by the General Government Committee with report GG2.1.

#### FINANCIAL IMPACT

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There are no financial implications resulting from this report.

## **DECISION HISTORY**

At its January 25, 2007 meeting, the General Government deferred consideration of staff report GG 1.3 amending the Fair Wage Schedules to the next meeting of the Committee scheduled for February 15, 2007 and requested a further report including a comparison of the City of Toronto's Fair Wage Policy to other GTA municipalities and other levels of government.

## **ISSUE BACKGROUND**

The January 25, 2007 staff report sets out background information about the Fair Wage Policy and schedules.

## **COMMENTS**

This report compares the wage rates of six common construction trades on federal, provincial and municipal projects. For ease of comparison, common trade occupations with similar descriptions across all jurisdictions were selected: Bricklayer/Stonemason, Carpenter, Electrician, Jackhammer Labourer, Heavy Equipment Operator, and Resilient Floor Worker are the designated trade in this analysis.

Fair Wage policies are intended to ensure wages and benefits commonly paid to construction workers are the minimum wages and benefits that workers on public construction projects receive. They are not unique to the City of Toronto.

### **GTA Fair Wage Policy**

Several municipalities across the GTA have adopted fair wage policies applicable to municipal construction. The City of Toronto has the longest standing and most successful. Establishing fair wage rates and schedules are intended to minimize potential conflict between organized and unorganized labour in the tendering and awarding of civic contracts. Certain designated wage rates are based on the lowest rate established by collective bargaining while wage rates for other classifications are based on market and industry surveys. Construction is generally classified by different industry sectors and is identified by certain work characteristics. Various sectors of the construction industry in the GTA tend to have a high degree of unionized labour, affecting wage rates.

Toronto's Fair Wage Policy includes the hourly rate, vacation/holiday pay, training and any applicable amount for fringe benefits that includes such benefits as company pension plan, extended health care, dental and prescription plan, etc. The cities of Hamilton, Thunder Bay and the Municipality of Clarington apply the same formula in the administration of their fair wage requirements.

The proposed 2007 Fair wage schedule represents 95.3 percent of the current construction industry collective agreements. The Construction Association, along with other construction trade associations and labour trade unions support amending the City's

fair wage schedules as proposed with the view of creating a level playing field in competition for City work.

Across the GTA, the following organizations use the City of Toronto’s Fair Wage Policy:

- Exhibition Place
- Heritage Toronto
- Hummingbird Centre for the Performing Arts
- Toronto District School Board
- Toronto Parking Authority
- Toronto Economic Development Corporation (TEDCO)
- Toronto Port Authority
- Toronto Hydro
- Toronto Public Library Board
- Toronto Transit Commission
- Toronto Zoo
- Toronto and Region Conservation Authority
- University of Toronto
- York University
- George Brown College

**Table 1:** City of Toronto Fair Wage Policy – Comparison to the Construction Industry

TRADE	CITY OF TORONTO 2003-2004	CITY OF TORONTO 2007	CONSTRUCTION COLLECTIVE AGREEMENT 2006	TORONTO CONSTRUCTION ASSOCIATION 2006
<b>Employment Conditions coverage</b>	<b>Wages, Vacation, Holiday Pay and Training</b>	<b>Wages, Vacation, Holiday Pay and Training</b>	<b>Wages, Vac., Holiday Pay, Fringe Benefits &amp; all other contributions</b>	<b>Wages, Vac., Holiday Pay, Fringe Benefits &amp; various contributions</b>
Bricklayers & Stonemasons	\$40.54	\$44.12	\$46.14	\$44.11
Carpenters	\$39.86	\$42.88	\$45.59	\$42.38
Electricians	\$41.64	\$45.44	\$47.10	\$47.10*
Jackhammer Labourers	\$36.02	\$39.22	\$40.57	\$39.32
Heavy Equipment Operator	\$40.10	\$43.88	\$45.51	\$45.51
Resilient Floor Worker	\$37.04	\$40.05	\$42.96	\$42.38
Total Average	\$39.20	\$42.58	\$44.64	\$43.46

\* ECAT (Electrical Contractors Association of Toronto)

The Government of Canada wage rate schedule for the Toronto Zone require base hourly wages and holiday and vacation pay consistent with the City of Toronto. However, fringe benefits requirements do not apply to the federal schedules. Federal fair wage schedules are applicable on federally-funded construction contracts and apply to municipalities if

they receive grant funding from the federal government. The City of Mississauga applies the federal fair wage policy in such circumstances.

The Province of Ontario’s Fair Wage Policy provides for a base hourly wage rate and the statutory provincial standards for vacation pay. It has no provisions for fringe benefits that apply with other jurisdictions applying the fair wage policy. Unlike the federal *Fair Wage and Hours of Labour Act*, Ontario’s Fair Wage Policy applies only to government ministries and their direct agencies. The fair wage policy does not apply to organizations receiving provincial grants, subsidies or loans. The last provincial Fair Wage Schedules were enacted effective April 1, 1995, have not been amended and are applicable to this day. This seems to be out of step considering the current construction labour market demands throughout the province. Municipalities such as Vaughan and Brampton apply the provincial fair wage requirements even though wage rates tend to be higher than the 1995 levels.

**Table 2:** Fair Wage Policy Comparison – GTA and other municipalities

TRADE JOURNEYMAN	CITY OF OSHAWA 2006	MUNICIPALITY OF CLARINGTON 2006	CITY OF MISSISSAUGA 2005	CITIES OF VAUGHAN/BRAMPTON 1995	CITY OF HAMILTON 2006	CITY OF THUNDER BAY 2003
<b>Employment Condition Coverage</b>	<b>Wages, Vac., &amp; Holiday</b>	<b>Wages, Vac., Holiday &amp; Fringe Benefits</b>	<b>Federal Funded Projects 2005</b>	<b>Provincial F.W. Wages &amp; Vacation Pay</b>	<b>Wages, Vacation, Holiday &amp; Fringe Benefits</b>	<b>Wages, Vacation, Holiday &amp; Fringe Benefits</b>
Bricklayers & Stonemasons	\$37.35	\$43.11	\$33.15	\$29.55	\$42.76	\$38.75
Carpenters	\$31.96	\$39.79	\$35.95	\$27.52	\$40.29	\$38.41
Electricians	\$36.74	\$45.49	\$33.14	\$28.99	\$44.88	\$41.77
Jackhammer Labourers	\$31.19	\$38.90	\$23.50	\$25.82	\$34.79	\$34.49
Heavy Equipment Operator	\$34.90	\$43.51	\$29.56	\$27.34	\$42.91	\$38.64
Resilient Floor Worker	\$32.76	\$39.61	\$28.52	\$26.70	\$39.57	\$38.41
Total Average	\$34.15	\$41.73	\$30.63	\$27.63	\$40.86	\$38.41

Based on the six trades identified, the provincial fair wage rate tends to be approximately 70.5 percent of the current 2003-2004 City fair wage schedule, and 78 percent of the federal construction schedule of wages in comparison to the City. This is attributed to the fact that both provincial and federal schedules have no provisions of any applicable amounts for fringe benefits. In addition, federal schedules are pegged at 2005 levels and the provincial schedules have not been updated since 1995.

Current federal and provincial policy ties their Fair Wage Schedules to straight time and there is no clear rationale why fringe benefits are not included. Both levels of government adopt an interpretation of wages that is both unrealistic and at odds with respective public policy goals. There is no reason for distinguishing between a dollar paid out in wages and a dollar paid out in a benefit fund or a pension fund. Benefits are simply indirect

compensation and pensions are deferred wages. Comparing the employer who pays the money, wages and benefits to an employer who pays straight wages implies employers who provide benefits to their workers be put at a competitive disadvantage for doing so. If the goal of public policy were to discourage benefit plans, this would make sense. However, the goal of public policy has always been the opposite and that is encourages workplace benefit plans so as to relieve the burden on publicly provided plans.

**Table 3:** Fair Wage Policy comparison – other levels of government

	GOVERNMENT OF CANADA 2005	PROVINCIAL OF ONTARIO 1995	PROVINCE OF QUEBEC
<b>Employment Conditions coverage</b>	<b>Wages, Vacation &amp; Holiday Pay</b>	<b>Wages &amp; Vacation Pay</b>	<b>Wages, Vacation, Holiday Pay &amp; Fringe Benefits</b>
Bricklayers & Stonemasons	\$33.15	\$29.55	Union Collective Agreement
Carpenters	\$35.95	\$27.52	Union Collective Agreement
Electricians	\$33.14	\$28.99	Union Collective Agreement
Jackhammer Labourers	\$23.50	\$25.82	Union Collective Agreement
Heavy Equipment Operator	\$29.56	\$27.34	Union Collective Agreement
Resilient Floor Worker	\$28.52	\$26.70	Union Collective Agreement
Total Average	\$30.63	\$27.65	

Municipalities that actively administer their fair wage policies, Clairington, Hamilton, Thunder Bay, and Toronto apply it consistently which reflect current construction market trends. In addition, the General Contractors Association, construction trade associations and labour trade unions negotiated wage rates tend to be reflective in their industry.

The proposed City of Toronto fair wage schedules are consistent with fair wage policy requirements as directed by City Council and that they be recommended for adoption.

## CONTACT

Mark Piplica  
 Manager,  
 Fair Wage Office  
 Phone: 416 392-7300  
 Fax: 416 392-0801  
 Email: [mpiplica@toronto.ca](mailto:mpiplica@toronto.ca)

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