

**From:** [Katrina Miller](#)  
**To:** [Councillor Ainslie](#); [Councillor Davis](#); [Councillor Grimes](#); [Councillor Nunziata](#); [Councillor McConnell](#)  
**Cc:** [Government Management Committee](#)  
**Subject:** Submission for GM16.10 - Award of Request for Proposal No. 0203-16-0091 to TBM Service Group Inc., for Custodial Services for Various City Divisions  
**Date:** Monday, November 14, 2016 6:42:19 AM  
**Attachments:** [briefing note GM 10.16 final.pdf](#)

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Dear Councillor Ainslie and Members of the Government Management Committee:

Please accept our submission on item GM16.10, which provides information to support Tim Maguire's deputation. The submission is attached and the summary of the submission is below.

We are recommending that Committee and Council:

- Direct staff to develop a Job Quality Assessment Tool within six months, and make the tool a mandatory step in the review and potential renewal of the cleaning contract for 2018.
- Convene stakeholders and experts from labour, legal aid, private and non-profit sectors to advise on the development of the Job Quality Assessment Tool.
- Ensure the City of Toronto's Fair Wage Office is properly resourced to monitor and enforce adherence to any new employment standards that emerge from the Job Quality Assessment Tool.

Thank you for your attention to this matter.

Yours Truly,

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*A response to item GM 10.16 "Award of Request for Proposal No. 0203-16-0091 to TBM Service Group Inc., for Custodial Services for Various City Divisions"*

## SUMMARY

On November 14<sup>th</sup>, the City of Toronto's Government Management Committee will vote on whether to award TBM Service Group Inc. a cleaning contract worth more than \$24 million to clean over seventy City facilities. This means that the City is about to sign another large contract for cleaning services without seeing through on its commitment to develop a Job Quality Assessment Tool, ensuring contractors are providing the people cleaning our City buildings with good, stable jobs.

This potential contract comes three years after City Council directed staff to develop a "Job Quality Assessment Tool" that was meant to be applied to the City's procurement and employment processes. City Council asked for a tool to establish standards by which the quality of a job could be assessed, such as whether workers have access to a living wage, regular and reliable hours, sick days and benefits. The Tool was considered necessary because of serious concerns about the wages and working conditions at private cleaning companies.

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# Council Briefing Notes

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## ENDING PRECARIOUS WORK IN CITY CLEANING CONTRACTS

*A response to item GM 10.16 “Award of Request for Proposal No. 0203-16-0091 to TBM Service Group Inc., for Custodial Services for Various City Divisions”*

### SUMMARY

On November 14<sup>th</sup>, the City of Toronto’s Government Management Committee will vote on whether to award TBM Service Group Inc. a cleaning contract worth more than \$24 million to clean over seventy City facilities. This means that the City is about to sign another large contract for cleaning services without seeing through on its commitment to develop a Job Quality Assessment Tool, ensuring contractors are providing the people cleaning our City buildings with good, stable jobs.

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We are calling on members of Government Management and City Council to:

- Direct staff to develop a Job Quality Assessment Tool within six months, and make the tool a mandatory step in the review and potential renewal of the cleaning contract for 2018.
- Convene stakeholders and experts from labour, legal aid, private and non-profit sectors to advise on the development of the Job Quality Assessment Tool.
- Ensure the City of Toronto’s Fair Wage Office is properly resourced to monitor and enforce adherence to any new employment standards that emerge from the Job Quality Assessment Tool.

### BACKGROUND

The new contract award with TBM Service Group Inc. being considered on November 14<sup>th</sup> consolidates a number of separate contracts with various companies into a single contract. This includes facilities contracted out in 2013 that triggered City Council’s decision to develop a Job Quality Assessment Tool.

By 2013 the effects of contracting out cleaning services – at Union Station, Toronto Police Stations, and other locations – had become clear. There was considerable evidence showing that cleaners in the private

sector suffered from some of the worst job conditions in the labour market with low wages, temporary and shift work, poor health and safety conditions, and no benefits or sick leave. Because women, recent immigrants and other already-vulnerable groups are disproportionately represented among cleaners, they suffered the most from declining job quality.

City Council's concern about negative consequences regarding its decision to outsource cleaning on Toronto's job market was backed by a number of studies with important revelations:

- A United Way report found that about half of the working people in the Greater Toronto Area are precariously employed – they don't have jobs they can rely on to support their lives or their families due to low wages, a lack of stable and predictable work, and little to no benefits.<sup>1</sup>
- According to the CIBC, Toronto is experiencing the fastest decline in quality jobs in the Province.<sup>2</sup> Women, newcomers and racialized groups are more vulnerable to this decline.
- In 2015, the Province of Ontario launched the Changing Workplaces Review<sup>3</sup> in recognition of concerns about the rapid growth in part-time, contract and temporary work in Ontario.

The current City Council re-instated its commitment to developing the Job Quality Assessment Tool when it adopted the "TO Prosperity: Toronto Poverty Reduction Strategy" in 2015.

However, the City's recent response to a Freedom of Information request shows that over the last three and a half years since Council committed to develop the Job Quality Assessment Tool, no work has been done. The department tasked with the development of the Tool - Social Development, Finance and Administration - faces a staff vacancy rate of over ten per cent.

## QUALITY JOBS ARE STILL DISAPPEARING IN TORONTO

Additional research by United Way in 2015 continues to show that Toronto and the surrounding areas suffers from declining job quality, leading to widening gaps in incomes and a more unequal city.<sup>4</sup> The report indicates that income inequality is rising twice as fast in Toronto as it is in the rest of Canada. It is important to note the wide ranging impacts of income inequality. For instance, a Wellesley Institute submission to the Executive Committee in 2013 highlighted research showing that living in unequal cities is bad for your health, irrespective of your income.<sup>5</sup>

A recent study from the Wellesley Institute looks at the negative health impacts for City of Toronto workers whose work was contracted out.<sup>6</sup> "*A Public Health Crisis in the Making*", a report by at Ryerson Faculty of

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<sup>1</sup> United Way of Greater Toronto. (2013). *It's More Than Poverty*. Toronto: Poverty and Employment Precarity in Southern Ontario.

<sup>2</sup> CIBC (2012), Canadian Employment Quality Index, July 12, 2012 in City of Toronto. (2013). *Quality Jobs, Living Wages and Fair Wages in Toronto* (Staff Report). <http://www.toronto.ca/legdocs/mmis/2013/ex/bgrd/backgroundfile-57801.pdf>

<sup>3</sup> Ontario Ministry of Labour. (2015). "Ontario Holding Public Consultations to Strengthen Labour Laws". Press release. [https://news.ontario.ca/mol/en/2015/05/ontario-holding-public-consultations-to-strengthen-labour-laws.html?\\_ga=1.239788291.1203370915.1456100475](https://news.ontario.ca/mol/en/2015/05/ontario-holding-public-consultations-to-strengthen-labour-laws.html?_ga=1.239788291.1203370915.1456100475)

<sup>4</sup> United Way Toronto. (2015). *The Opportunity Equation: Building opportunity in the face of growing income inequality*. <http://www.unitedwaytyr.com/document.doc?id=286>

<sup>5</sup> Wellesley Institute. (2013). *Quality jobs, living wages and fair wages in Toronto*. Toronto: Wellesley Institute. [http://www.wellesleyinstitute.com/wp-content/uploads/2013/04/Submission-to-executive-committee\\_April-23-2013.pdf](http://www.wellesleyinstitute.com/wp-content/uploads/2013/04/Submission-to-executive-committee_April-23-2013.pdf)

<sup>6</sup> Wellesley Institute. (2015). *Contracting Out At The City: Effects On Workers' Health*. [http://www.wellesleyinstitute.com/wp-content/uploads/2015/04/Contracting-Out-At-The-City\\_Wellesley-Institute\\_2015.pdf](http://www.wellesleyinstitute.com/wp-content/uploads/2015/04/Contracting-Out-At-The-City_Wellesley-Institute_2015.pdf)

Community Services, concluded that racialized immigrant women suffer negative health impacts and negative consequences for their children and familial well-being when their work is precarious. What's more, the authors describe what they call 'precarity capture': the challenges of precarious work make escaping precarity extremely difficult.<sup>7</sup>

Developing the Job Quality Assessment Tool would help improve existing City processes to ensure responsible contracting. While Toronto's Fair Wage Office is an important check in the process, there is reason for concern about whether it has the resources it needs to ensure that contractors are at least meeting the current standards set by the City's Fair Wage Policy. The Auditor's investigation into cleaning contracts found that at least one contractor was not in compliance with the City's Fair Wage Policy (the vendor was making cash payments and paying two employees on one cheque).<sup>8</sup> Another report from the Auditor General, to be considered at the November meeting of City Council, notes that the Fair Wage Office functions on minimal resources.<sup>9</sup>

## WHAT SHOULD THE CITY'S JOB QUALITY ASSESSMENT TOOL INCLUDE?

### A good wage

Staff stated in 2013 that the Job Quality Assessment Tool will include a "living wage" standard. As noted by staff, the Canadian Centre for Policy Alternatives has developed tools to quantify a "living wage," which is the hourly amount someone needs to make on a full-time basis to pay for basic needs in Toronto – food, shelter, childcare, and transportation – and not depend heavily on expensive social income and health services.

Toronto's Fair Wage Policy is the only benchmark the City has used to set standards on wage levels. While it is an important tool, wage levels in the policy are set based on average market rates. In many lower-wage jobs the market rate is far below the living wage for Toronto, which is around \$18 per hour.

### A stable job with benefits

Minimum hours of work, stable shifts, paid sick days, benefits, and opportunities for career advancement are necessary elements of good stable jobs. Different organizations have developed tools to both assess the quality of a job and commit to providing good stable jobs.

United Way and McMaster University's "It's More Than Poverty" report in 2103 developed an *Employment Precarity Index*, to measure the level of job security based on real life impacts. For example:

- Are they working at least 30 hours a week with one employer, and expect to do so for at least a year?
- Do they know the hours they will be working at least a week in advance and how often they are 'on call'?
- Do they get paid if they miss a day of work due to sickness?
- How much does their income vary week to week?
- Do they receive any health or other benefits?

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<sup>7</sup> Ng et al. (2016). *A Public Health Crisis in the Making: The Health Impacts of Precarious Work on Racialized Refugee and Immigrant Women*. Toronto: Ryerson Faculty of Community Services.

[http://www.ryerson.ca/content/dam/clmr/publications/Final%20Report%20\(Precarious%20Work\).pdf](http://www.ryerson.ca/content/dam/clmr/publications/Final%20Report%20(Precarious%20Work).pdf)

<sup>8</sup> City of Toronto Auditor General. (2016). *Audit of City Cleaning Services – Part 2: Maximizing Value from Cleaning Contracts*.

<sup>9</sup> City of Toronto Auditor General. (2016). *Strengthening Enforcement of the Fair Wage Policy*.

- Can they raise health and safety concerns or employment rights issues with their boss and not have it negatively impact their job?<sup>10</sup>

More recently, Toronto Neighbourhood Centres and the Ontario Non-Profit Network came forward with a Decent Work Charter for members to signify their commitment to the creation of decent jobs as a core aspect of their mandate and a Decent Work Checklist that helps them assess and improve the jobs they provide.<sup>11 12</sup> According to the charter and checklist the key elements of decent work are:

- fair income;
- good benefits;
- stable employment;
- opportunities for development and advancement; and
- respectful and inclusive work cultures

Toronto's Job Quality Assessment Tool should have similar aspects as those present in the indexes and checklists described above. The City should also have a well-defined strategy to use the tool to improve job quality at the City and through its contracts.

## BENEFITS OF INCREASING JOB QUALITY

Research shows there are clear business-side benefits to providing good jobs with living wages. KPMG in London and employers at San Francisco's International Airport saved millions of dollars through reduced staff turnover and improved customer service when they decided to pay living wages.<sup>13 14</sup> Research in the U.S. shows those jurisdictions that raised their wages experienced greater job growth than those that did not.<sup>15</sup>

As the City moves forward in implementing job quality and living wage standards in its own employment and contracting practices, it can reach out to other employers in Toronto and encourage them to take similar action. There are some great examples of how local governments can create a sea change by leading the way on good jobs and calling on others to follow. In the UK, the Great London Authority adopted a living wage and since then over 1,200 other employers have committed to doing the same.

## CONCLUSION

Toronto stands to benefit from the City taking a leadership role in providing good, stable jobs. As an employer of over 50,000 workers and a supplier of contracts that employ thousands more, the City can set a

<sup>10</sup> United Way of Greater Toronto. (2013). *It's More Than Poverty*. Toronto: Poverty and Employment Precarity in Southern Ontario.

<sup>11</sup> Toronto Neighbourhood Centres. (2016). "Decent Work Charter". Internal document received with permission to cite August 2016.

<sup>12</sup> Toronto Neighbourhood Centres. (March 2016). "Decent Work Checklist – Draft 3". Internal document received with permission to cite August 2016.

<sup>13</sup> Tait, C. (2014). *Work That Pays: Final Report of the Living Wage Commission*. Living Wage Commission, United Kingdom.

<sup>14</sup> Reich, M. et al. (2003). *Living Wages and Economic Performance: The San Francisco Airport Model*. Institute of Industrial Relations University of California, Berkeley

<sup>15</sup> Neuman, S. (2014). "States That Raised Minimum Wage See Faster Job Growth, Report Says". News Blog, National Public Radio, U.S.A. Retrieved from <http://www.npr.org/blogs/thetwo-way/2014/07/19/332879409/states-that-raised-minimum-wage-see-faster-job-growth-report-says>.

standard around good, stable jobs in Toronto and encourage other employers to do the same. This effort starts with a Job Quality Assessment Tool, which can help the City better understand how its employment and procurement decisions affect job quality, especially for disadvantaged groups. We urge the City to develop the Job Quality Assessment Tool without any further delay.

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