

Fair Wage Office - 2024 Annual Report

Date: April 29, 2025
To: Executive Committee
From: Chief Procurement Officer
Wards: All

SUMMARY

This report provides an overview of the activities of the Fair Wage Office for 2024. Under Municipal Code, Chapter 67, Fair Wage, the Manager, Fair Wage Office is responsible for preparing an annual report containing the names of contractors and sub-contractors that have violated the Fair Wage Policy or settled Labour Trades Contractual Obligations in the Construction Industry Policy grievances, and any other necessary information. The annual report is transmitted to the appropriate standing committee by the Chief Procurement Officer.

RECOMMENDATIONS

The Chief Procurement Officer recommends that:

1. The Executive Committee receive this report for information.

FINANCIAL IMPACT

There is no financial impact resulting from the adoption of the recommendation in this report.

While not a direct financial impact to the City, the overview of Fair Wage Office activities from 2021 to 2024 and corresponding value of violations/settlements, the value of Fair Wage Policy violations (back-wages and benefits owed to workers), the value of Fair Wage Policy administrative fees collected and the value of Labour Trades Contractual Obligations in the Construction Industry Policy settlements are detailed in Table 1 of this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

EQUITY IMPACT STATEMENT

The Fair Wage Policy supports the City's commitment to equity and workers' rights by ensuring that workers on City contracts are paid a "fair wage" and protected from harassment or discrimination. The implementation of this policy increases awareness of workers' rights. This is particularly important for newcomers and other vulnerable workers, including trainees. The Fair Wage Office will continue to increase awareness in these respective communities about the City's Fair Wage Policy and in the established complaint handling process. These efforts will help both workers and employers understand their rights and responsibilities more clearly. Workers, vendors, and the general public are able to contact the office directly and review wage rates by visiting the [Fair Wage Office](#) page on the City of Toronto website.

DECISION HISTORY

At its meeting on October 1, 2024, the Executive Committee adopted [2024.EX17.7](#), Fair Wage Office - 2023 Annual Report.

At its meeting on May 22, 2024, City Council adopted [2024.EX14.11](#), Report Back Regarding Item GG8.20 and Revisions to the Fair Wage Policy and Updating the Fair Wage Schedule to Include 2022-2024 Wage Rates. One of the changes to the Fair Wage Policy was that the annual report will be transmitted to the appropriate standing committee by the Chief Procurement Officer, instead of the Manager, Fair Wage Office.

At its meeting on April 9, 2024, the Executive Committee adopted [2024.EX13.18](#), City's Fair Wage Policy - Referral to Executive Committee, which refers all matters related to the City's Fair Wage Policy from the General Government Committee to the Executive Committee, for consideration.

At its meeting on June 24, 25 and 26, 2003, City Council approved [Clause No. 2 contained in report No. 5](#) of the Administration Committee, clarifying the role of the Fair Wage Office. Municipal Code, Chapter 67, Fair Wage, requires the Manager, Fair Wage Office to report annually to committee concerning the Fair Wage Policy administration and application including enforcement activities.

COMMENTS

Background

The Fair Wage Policy is meant to ensure City contractors and sub-contractors pay their workers "fair wages" and treat their workers fairly. It does this by setting standards that employers must meet. The Fair Wage Office is responsible for ensuring fair, open, and transparent administration of Municipal Code, Chapter 67, Fair Wage ("FW By-Law"), including the Fair Wage Policy and the Labour Trade Contractual Obligations in the Construction Industry Policy (the "Labour Trades Policy").

The intent of the Fair Wage Policy can be summarized as follows:

1. To produce stable labour relations with minimal disruption;
2. To harmonize the wages of organized and unorganized labour, including vacation pay and benefits;
3. To create a level playing field in competitions for City work;
4. To protect the public; and
5. To enhance the reputation of the City for ethical and fair business dealings.

The Fair Wage Office investigates complaints and takes enforcement action when it is determined that contractors or sub-contractors failed to pay their workers the prescribed base hourly wage rate, vacation and holiday pay, or any applicable benefits. Contractors bid on solicitations which contain the applicable Fair Wage Schedules and submit signed declarations agreeing to comply with all Fair Wage Policy and Labour Trades Policy obligations, before receiving a contract award.

The Fair Wage Office provides wage protection for workers engaged on City contracts. Competition for these contracts is significant and contractors and sub-contractors might be enticed to cut contract costs simply by cutting employee wages. In this competitive environment, it is important to ensure that workers are treated and compensated fairly. Key elements of the Fair Wage Office's operations include:

- Verifying contractor and sub-contractor eligibility before contract award;
- Conducting on-site investigations and interviews with workers, contractor/sub-contractor officers and directors, and City staff;
- Conducting reviews of weekly/bi-weekly payroll records;
- Maintaining documentation of actions;
- Recommending non-complying firms for disqualification from doing business with the City to standing committee, where appropriate; and
- Reporting annually on Fair Wage Office activities.

Between 2004 and 2024, investigations recovered approximately \$5.8 million in back-wages for 4,524 workers. These investigations focused on contractor and sub-contractor practices, including: underpayment of wages, misclassification of workers, underreporting of hours of work, submitting cash payments without keeping written records of such payments, unpaid wages or overtime pay, banked overtime hours, non-payment of benefits, off-the-clock violations, and late payments.

2024 Highlights

Table 1 provides an overview of some of the different types of activities the Fair Wage Office engaged in and the volume of each activity type for 2021-2024. The dollar value of Fair Wage violations is also provided.

Table 1. Overview of Fair Wage Office Activities, 2021-2024

Activity Type	2021	2022	2023	2024
Number of Firms Reviewed	3020	2851	2641	2535
Number of Firms Approved	2948	2720	2544	2450
Number of Solicitations	1809	1835	1733	1632
Number of Site Visits Conducted	11	21	58	33
Total Investigations Conducted	28	33	30	25
Fair Wage Policy Investigations	14	17	13	8
Labour Trade Contractual Obligations Policy (LTCO) Investigations	14	16	17	17
Value of Violations/Settlements (Fair Wage Policy and LTCO)	\$22,033	\$131,376	\$130,527	\$237,187
Number of Contractors Cited for First Violation	2	6	3	6
Value of Fair Wage Violations	\$22,033	\$92,023	\$48,027	\$189,687
Number of Workers Receiving Back Wages	57	30	5	165
Value of Fair Wage Policy Administration Fees Collected	\$3,304	\$11,870	\$2,606	\$28,453
Number of Grievances Investigated	12	12	11	14
Value of LTCO Violations/Settlements	\$13,000	\$39,353	\$82,500	\$47,500

Fair Wage Policy Violations

Much of the Fair Wage Office's work involves investigating compliance and reviewing payroll information. This is achieved through verifying wages and vacation paid, benefits accrued and paid out, hours of work, daily logs, and worker job classifications, among other payroll information.

In 2024 the Fair Wage Office conducted 33 site visits and 25 investigations - eight Fair Wage Policy investigations and 17 Labour Trades Policy investigations. Of the eight Fair Wage Policy investigations, six firms were cited for their first violation, as identified in Appendix A of this report. If a firm is found to be non-compliant with the Fair Wage Policy in two separate instances over a period of three years, the Manager of the Fair Wage Office shall report these instances of non-compliance to Executive Committee and may recommend the firm be disqualified from conducting business with the City for a period of two years, inclusive.

In 2024, back wages and benefits owed to workers from Fair Wage Policy non-compliant contractors totalled \$189,687.97. These funds were collected on behalf of 165 workers. In addition, the Fair Wage Office collected a total of \$28,453.20 in administration fees made payable to the City Treasurer.

Labour Trades Policy Disputes & Settlements

Contractor and sub-contractor compliance with the City's labour trade agreements in the Industrial, Commercial, and Institutional (ICI) construction sector is critical to minimizing the City's liabilities, mitigating risk, and avoiding costly litigation of labour trade grievances brought against the City before the Ontario Labour Relations Board (the "OLRB").

The Fair Wage Office reviews and approves contractors and sub-contractors for compliance with the Fair Wage and Labour Trades Policies, for the purposes of contract award. The Fair Wage Office also supports People and Equity staff with respect to grievances filed against the City by labour trade unions for alleged violation of the City's province-wide collective agreements in the construction industry.

Significant efforts are undertaken to review and approve contractors and sub-contractors with appropriate signatory trade affiliation prior to contract award. Critical tasks include assessing contract scopes of work, at a high level, and whether firms are bound to trade unions that have jurisdiction over work in the ICI sector of the construction industry.

Where firms may have violated the City's labour trade obligations, the Fair Wage Office, together with People and Equity and Legal, will engage in informal or formal dispute resolution discussions aimed at avoiding grievances or facilitating settlement or withdrawal of grievances. This often takes the form of addressing the relative strengths and weaknesses of the parties' positions and giving them the opportunity to have open and frank discussions. These discussions may occur before or after a grievance letter is received by the City, or a grievance is formally filed with the OLRB.

These efforts resulted in the settlement of 14 Labour Trade grievances in 2024, as well as faster case processing, thus avoiding costly grievance hearings at the OLRB. In 2024, a total value of \$47,500 in negotiated grievances filed against the City of Toronto were resolved. The firms that were involved in the resolution of Labour Trades grievances in 2024 are listed in Appendix A.

Settlement of a Labour Trades grievance without a final decision being issued by the OLRB does not constitute a violation of the City's Labour Trades Policy.

Withholding Approval of Tenderer or Bidder

In 2024, the Fair Wage Office notified the Chief Procurement Officer of withholding approval of one supplier. This is a requirement of the FW By-Law. As set out in section 67-A9B (5) of the FW By-Law.

Major Investigations

M.E. Andrews and Associates Limited / Pipetek Infrastructure Services Inc. / Onsite Utility Services Canada Ltd.

In June 2022, the Fair Wage Office received a complaint from a worker that he was being paid below the Fair Wage rate for sewer watermain construction work he did for Pipetek Infrastructure Services Inc. ("Pipetek") on a City contract. The worker added that M.E. Andrews Associates Limited ("M.E. Andrews"), an engineering services firm, was the general contractor on the contract. The Fair Wage Office investigated and determined that construction work was being performed under a professional services contract awarded to M.E. Andrews. The construction services included flushing, cleaning, testing, CCTV inspection, hydro/air excavation, lining and re-lining of sewers and watermains. These services were sub-contracted out to Pipetek and another firm called Onsite Utility Services Canada Ltd. ("Onsite").

In May 2024, after reviewing Pipetek's and Onsite's payroll, the Fair Wage Office determined that a total of 160 Pipetek and Onsite workers were not paid in accordance with the Fair Wage Policy. As a result, there were outstanding back-wages totaling \$186,169.26. For the violation, M.E. Andrews paid the City an administrative fee of \$27,925.39, which was 15% of the balance necessary to make up the amount that was owed to all Pipetek and Onsite workers.

However, as the Fair Wage Office administered the back-wages payouts to Pipetek's workers staff learned of concerning matters which had been brought to Pipetek's attention, some of which have since been confirmed by Pipetek. For instance, when additional workers came forward to the Fair Wage Office claiming to be underpaid, a Pipetek manager confirmed he arranged one-on-one meetings with workers who performed work on the contract to make additional back-wages payments, beyond those set out in the May violation letter. An unknown number of payments were made without the prior knowledge or involvement of the Fair Wage Office. This meant that the usual Fair Wage Office back-wages payout processes aimed at protecting the workers, the supplier and the City were not followed. Fifteen percent of the additional amounts could not be calculated or paid to the City as additional administrative fees beyond the \$27,925.39 paid by M.E. Andrews.

The Fair Wage office received no concerning information about Onsite, or its workers, following their May 2024 violation.

Taurus Contracting Ltd. / Anax Inc. / Can-Sky Roofing and Sheet Metal Inc.

On September 30, 2022, the Fair Wage Office began an investigation into Taurus Contracting Ltd. ("Taurus"). In April 2024, following a payroll review related to roofing work performed at the City's Booth Avenue yard, the Fair Wage Office determined that Taurus and two sub-contractors, Anax Inc. o/a as Anax Roofing ("Anax") and Can-Sky Roofing and Sheet Metal Inc. ("Can-Sky") violated the Fair Wage Policy by not paying workers the prescribed Fair Wage rates for their classifications. Five (5) workers were underpaid by a total of \$3,518.71. We further noted inconsistent recordkeeping practices and that incomplete and conflicting information was provided to the Fair Wage office throughout our investigation.

Non-Traditional Application of the Fair Wage Policy

The Fair Wage Office traditionally performs its compliance activities as part of the procurement process at the City. The Fair Wage Policy applies to all City work, not just activities that fit neatly into the procurement process. To facilitate compliance with the Fair Wage Policy, the City's Fair Wage Office provides information, support, and compliance verification services. In 2024 the Fair Wage Office was consulted on two City projects that were not done through standard City procurement processes. The Fair Wage Office supports these projects by providing information to project developers, not-for-profit organizations, and other levels of government and City divisions on the application of the Fair Wage Policy.

In 2024, the Fair Wage Office provided input to various groups on how the Fair Wage Bylaw applies to students, apprentices and trainees. Through engaging with public policy and compliance professionals within the City and at the provincial level, and performing its own analysis, the office developed and provided input on best practices to ensure students, apprentices and trainees are protected while they gain valuable experience contributing to the work of the City.

Work Plan 2025

In 2025, the Fair Wage Office plans to:

- Examine strategies for the modernization and improvements of its review and approval processes to help streamline and expedite contract awards. This will include working with other City divisions, consulting with stakeholders, and making the necessary changes to City procurement procedures and processes.
- Maintain a strong emphasis on proactive investigations, review payroll documentation, and enforce policy provisions to assess firms' compliance with the Fair Wage and Labour Trades policies when doing business with the City.
- Monitor construction companies, general contractors, and sub-contractors performing work for the City, by conducting site inspections and field interviews on projects to ensure workers are paid proper wages, vacation pay and benefits in accordance with Fair Wage Policy and Schedule(s).
- Conclude ongoing investigations and distribute back-wages to workers.

CONTACT

Geneviève Sharkey, Chief Procurement Officer, Purchasing & Materials Management Division, 437-755-8089, Genevieve.Sharkey@toronto.ca

Ali Sheikh, Manager, Fair Wage Office, Phone: 416 338-5594, Fax: 416 392-0801
Email: Ali.Sheikh@toronto.ca

SIGNATURE

Geneviève Sharkey
Chief Procurement Officer, City of Toronto

ATTACHMENTS

Appendix A - Fair Wage Office - Companies that were cited for their first violation of the Fair Wage Policy and companies that have been involved in the settlement/resolution of Labour Trades grievances in 2024.

APPENDIX A

Fair Wage Office - Companies that were cited for their first violation of the Fair Wage Policy and companies that have been involved in the resolution of Labour Trades grievances in 2024.

Fair Wage Non-Compliant Firms		Resolution of Labour Trades Grievances	
1.	Taurus Contracting Ltd.	1.	Applied Electronics Ltd.
2.	Anax Inc.	2.	Index Construction Inc.
3.	Can-Sky Roofing and Sheet Metal Inc.	3.	Graham Construction and Engineering LP
4.	M.E. Andrews and Associates Ltd.	4.	Campbell Underground Technologies Inc.
5.	Onsite Utility Services Canada Ltd.	5.	Buttcon Construction Inc.
6.	Pipetek Infrastructure Services Inc.	6.	UCC Group Inc.