

Updating the Fair Wage Schedule, 2019-2022

Date: January 6, 2022

To: General Government Committee

From: Manager, Fair Wage Office, Purchasing and Materials Management Division

Wards: All

SUMMARY

The purpose of this report is to update Schedule C of Toronto Municipal Code Chapter 67, Fair Wage (the "Fair Wage Schedule"). The Fair Wage Schedule is comprised of six schedules for the following classifications of work: General Classifications, Heavy Construction Work; Industrial, Commercial, Institutional (I.C.I.) Work; Road Building; Sewer and Watermain Construction; and Utility Work. The Fair Wage Schedule is used with the Fair Wage Policy, being Schedule A to Chapter 67, to harmonize hourly wages, vacation and holiday pay, benefits, and weekly hours of work received by organized and unorganized workers performing City work and to create a level playing field for contractors bidding on City contracts.

An updated Fair Wage Schedule is recommended to Council for approval every three years. Updating the Fair Wage Schedule took longer to complete than expected due to a number of factors, including limited staffing resources and the impact of the COVID-19 pandemic. The current Fair Wage Schedule covers 2016 to 2019 and must be updated to reflect 2019 to 2022 rates. The updated Fair Wage Schedule set out in Attachment "A" reflects wage increases recognized by the construction labour markets. The Fair Wage Schedule for 2022 to 2024 will be updated later in 2023.

This report recommends that the updated Fair Wage Schedule take effect for all new City procurements issued on or after March 1, 2023. All City contracts or procurement documents issued before March 1, 2023 will use the Fair Wage rates set out in the current Fair Wage Schedule (2016 to 2019). In order to maintain a record of historic wages. 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.

RECOMMENDATIONS

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

City Council delete Schedule C to Municipal Code, Chapter 67, and adopt the six updated schedules attached to this report as Attachment “A”, as the new Schedule C to Chapter 67 effective March 1, 2023 (the “Effective Date”);

City Council amend Schedule A to Municipal Code, Chapter 67, by inserting the following new subsections under Section 67-A6 - Establishment of Rates:

"G. All City procurement documents issued prior to any revised Fair Wage Schedules coming into force will include the Fair Wage Schedules in force on the date of issuance.

H. All City contracts awarded prior to any revised Fair Wage Schedules coming into force will not be affected by the revised Fair Wage Schedules coming into force."

FINANCIAL IMPACT

Adoption of this report may result in future financial impacts due to increased costs of wages and benefits associated with new City procurements issued on or after March 1, 2023. These cost increases may have an impact on cash flow funding requirements of applicable capital projects. At this time, the City is unable to quantify the full impacts of this policy recommendation, though at the initiation of future procurements will ensure full contracted expenditures are identified and funding is available.

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

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.

At its meeting on May 24 – 26, 2017, City Council passed [Bill 592 into By-law 588-2017](#), amending the Fair Wage Schedule of City of Toronto Municipal Code Chapter 67, Fair Wage, to increase the wage rates in Schedule C to Chapter 67 for the 2016–2019 period. Authority for this decision was Executive Committee Item [EX33.2, Quality Jobs, Living Wages and Fair Wages in Toronto](#), adopted as amended, by City of Toronto Council on July 16, 17, 18 and 19, 2013.

The report also delegated authority to the Manager, Fair Wage Office, to update the wage rates in Schedule C to Chapter 67 every three years consistent with the

construction industry prevailing market rates for new Tenders, Requests for Quotations, Requests for Proposals, Purchase Orders and Divisional Purchase Orders issued by the City, commencing in 2013. The delegation is set out in [Section 67-3.1, Delegation, of Municipal Code Chapter 67](#)

COMMENTS

Background

For more than a century, the City has used its Fair Wage Policy (the “Policy”) to ensure that contractors and suppliers pay their workers fair market rates for their labour. First adopted in 1893, the intent of the Fair Wage Policy is to:

- (1) Produce stable labour relations with minimal disruptions;
- (2) Compromise between wage differential of organized and unorganized labour;
- (3) Create a level playing field in competition for City work;
- (4) Protect the public; and
- (5) Enhance the reputation of the City for ethical and fair business dealings.

The Policy requires contractors and any sub-contractors doing work on City contracts to pay at least the predetermined wage to their non-unionized workers. The predetermined wages are set out in the Fair Wage Schedule and approved by Council. The Fair Wage Schedule outlines trade classifications, the minimum hourly wages, hours of work and benefits that are to be paid to and received by various classes of labourers and workers. These rates do not apply to small businesses, typically those with owner-operators, or partnerships, or principals of companies as long as they undertake the work themselves.

Updating the Fair Wage Schedule

An updated Fair Wage Schedule is recommended to Council for approval every three years. While the updated Fair Wage Schedule will affect only procurements issued on or after March 1, 2023, it is important to maintain a record of historic wages.

The following six schedules have been updated and are attached as Attachment “A” to this report:

- (1) General Classification work;
- (2) Industrial, Commercial, Institutional (I.C.I.) work;
- (3) Heavy Construction work;
- (4) Road Building;
- (5) Sewer and Water Main Construction; and
- (6) Utility work

Construction-related Fair Wage rates are harmonized with rates established by collective bargaining, while the Fair 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.

Average year-over-year wage increases for the six proposed schedules, in comparison with current schedules (2016 to 2019) are as follows:

Fair Wage Schedule Classification	Average Wages Increase 2018 - 2019	Average Wages Increase 2019 - 2020	Average Wages Increase 2020 - 2021
General Classification	2.49%	2.16%	3.10%
Industrial, Commercial, Institutional (I.C.I.)	1.22%	2.51%	2.20%
Heavy Construction	1.31%	2.15%	2.00%
Road Building	0.61%	1.77%	1.74%
Sewer and Water Main Construction	1.83%	2.41%	2.20%
Utility	0.71%	2.03%	1.99%

The proposed updated Fair Wage Schedule would be in effect only for new bid documents and quotes released after March 1, 2023. The proposed Fair Wage Schedule 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 Schedule will still apply for all City procurement documents issued before March 1, 2023 and enforcement and compliance of those contracts will be on the basis of the 2016 to 2019 Fair Wage Schedules.

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.

Equity Impact Statement

The implementation of the Fair Wage Policy advances the City’s commitment to access, equity, and workers’ rights by ensuring that workers on City contracts are paid a “fair

wage” and are not subject to harassment or discrimination. Through the implementation of this policy, workers become aware of their rights. This is particularly important to new immigrants and other vulnerable workers. The Fair Wage Office continues to raise awareness by providing educational material in various languages about the City’s Fair Wage Policy and complaint process. Through these efforts, workers and employers will be better informed about their rights and responsibilities.

CONTACT

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

SIGNATURE



Ali Sheikh
Manager, Fair Wage Office

ATTACHMENTS

Attachment A: Fair Wage Schedule 2016-2019

1. General Classification work;
2. Industrial, Commercial, Institutional (I.C.I.) work;
3. Heavy Construction work;
4. Road Building;
5. Sewer and Water Main Construction; and
6. Utility work