

Living Wage Case Studies

Final Report

**Submitted to: Peterborough Social
Planning Council**

**by: Trent Applied Social
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Table of Contents

1.0 Executive Summary.....	3
2.0 Literature Review.....	10
3.0 Case Studies:	
i. Toronto, ON.....	22
ii. Kamloops, BC.....	40
iii. Peterborough, ON.....	59
4.0 Implications for Peterborough.....	67
5.0 Conclusion and Next Steps.....	83

Appendices:

- A) Research Method
- B) Research Initiatives
- C) Jurisdiction Contact List
- D) Research and Interview Questions
- E) Literature Review References & Annotated Bibliography
- F) Reference List (Case Studies)
- G) Glossary

1.0 Executive Summary

The purpose of this project was to conduct research on the living wage in Canada, which could then be used as a resource by the Peterborough Social Planning Council. The objectives of this project were to review locally administered wage policies and identify their implications for Peterborough.

Living wages are currently a hot topic of discussion in the field of social and economic policy. (See **Appendix B** for current initiatives.) Living wages, which have an anti-poverty objective, are policies that usually apply to employees working for companies that have city contracts. The living wage is meant to be high enough to support employees and their families, so the rate is calculated to ensure that the family has enough money to live above poverty.

Below the main findings of the literature review, case studies, and implications for Peterborough are described.

Literature Review: Main findings

Below, the main findings from the literature review are listed. Please see **Section 2.0** for the full version of the literature review and the annotated bibliography.

What is a Living Wage?

Living wage ordinances are municipal laws that require businesses who have contracts with the city or receive subsidies to pay their employees a “living wage” a wage that is high enough to support a family.

In other cases, living wage policies may only affect businesses in “living wage zones” where there is high tourist traffic, and these businesses must have a high annual income and a certain number of employees if they are to be affected. In other jurisdictions, the laws are not mandated but businesses who implement living wages offered tax cuts and subsidies for those as incentives.

The amount of the wage is often determined according to the cost of living in the area and can also be compared with local measures of poverty or a poverty

threshold such as the Low Income Cut-Off.

Living wages are different from fair wages, which are based on union rates of pay and are intended to decrease competition between union and non-union workers.

Living wages are different from minimum wages because living wages have smaller coverage but a higher wage rate.

Living wages are a hot topic in Canada today, partly because of their potential to help fight poverty and partly because so many find this concept problematic.

Opportunities presented by a Living Wage:

Many people argue that the current provincial minimum wage is inadequate. Many full-time, low-wage workers struggle to support their families and still live in poverty.

Poverty can have a negative affect on the entire community. Poverty decreases the health of community members, increases taxes, and can deter new businesses from moving into the community.

Living wages can provide numerous economic benefits for employers who enact living wage policies. These include increased productivity from better qualified employees who require less supervision, have higher morale, and decrease rates of absenteeism and turnover.

Some argue that living wages are unlikely to increase unemployment or inflation.

Barriers to a Living Wage

There are likely costs to living wages which cities must incur. These costs may be associated with imposing sanctions against covered businesses, establishing grievance procedures for eligible employees, monitoring compliance, and introducing reporting requirements.

Living Wages only affect a small percentage of the population, as they only cover contractors and subcontractors within a city, or approximately 1% of all workers in a given city.

Some economists believe that living wage ordinances can increase unemployment and the number of entry level jobs, thereby increasing poverty.

The living wage is one of many tools available to help fight poverty. Critics argue

alternative forms of policies could be more effective.

Case Studies: Main Findings

Three Canadian jurisdictions that have implemented policies similar to living wages were reviewed and implications were drawn for Peterborough. The team then selected these jurisdictions for the case studies. These three selected jurisdictions are Toronto, Ontario's Fair Wage Policy, British Columbia's now rescinded Skills Development Fair Act, and Peterborough, Ontario's Fair Minimum Wage By-Law.

The following is a summary of the findings of the three case studies. For the full case study reports, please see **Section 3.0**.

Toronto, ON

Toronto's Fair Wage Policy was developed in 1893. The purpose of Toronto's Fair Wage Policy is to produce stable labour relations, to provide a standardized wage to both organized and unorganized labour, to create equality among competition for City work, and to improve ethical business dealings of the City. The Fair Wage Policy covers all employees that are hired by contractors, sub-contractors, suppliers, and tenants of City property operating businesses. The policy does not cover or apply to small businesses, such as owner-operators, partnerships, or principles of companies, although the worker/owner must take on the work themselves. The fair wage requires compliance with acceptable working hours and conditions of work.

Kamloops, BC

The Skills Development and Fair Wage Act was a blanket policy that applied to the province of British Columbia. The act was mandated across the province in 1993 and rescinded in 2001. The City of Kamloops chose to discontinue the use of a Fair Wage Act when the provincial act was rescinded in 2001 (Anonymous D, 2004). Kamloops was chosen as an example of one community in B.C. that was affected by the provincially mandated Fair Wage Act. It is comparable to Peterborough in many respects including population size, tourism, industry, the presence of a post secondary institution and comparable natural surroundings (Venture Kamloops, 2004).

The political climate in B.C. differs from Ontario and understanding the development of the Fair Wage policy, the benefits, the opposition and the reasons the city decided to adopt the provincial rescinding of the policy will be useful in providing an example of how a living wage could be implemented in Peterborough.

The Skills Development Fair Wage Act in British Columbia was enacted in 1993 by the NDP provincial government and rescinded in 2001 by the Liberal provincial government. The Skills Development Fair Wage Act paid employees working on government tendered projects a prevailing wage. The Skills Development Fair Wage Act applied to all ministry, Crown Corporation, and provincially-funded agency construction projects that had a pre-tender estimate of \$25,000 or more. The Act required that all trades people working under such contracts to have certain trade qualifications and receive minimum financial compensation. The construction contracts made with B.C. obliged contractors to pay fair wages, benefits, and observe provincial hours of work and overtime standards. Fair wage schedules were set by adopting 90% of provincial construction wage rates.

Peterborough, ON

Peterborough currently has a By-Law that enacts a Fair Minimum Wage. This By-Law is to ensure that all workers are paid the same amount. The policy benefits unionized, non-unionized, and non-skilled workers through the payment of higher wages. This policy helps to remove competition between unionized and non-unionized workers. The Fair Minimum Wage By-Law applies to all construction and demolition contracts and it must be respected by contractors and sub-contractors. The wage rates are determined between the City of Peterborough and Local 504, of the Canadian Union of Public Employees (CUPE). Any non-skilled workers employed by a Peterborough contractor or sub-contractor must be paid no less than the “temporary labour rate” plus benefits, set out by the City of Peterborough and Local 504 CUPE.

Implications for Peterborough

These policies have numerous important implications for Peterborough, which were

discussed with a focus group that discussed barriers and opportunities for living wages in Peterborough. The implications of the case study findings have to do with the following topics:

Barriers:

Union support and opposition: Unions can either support or oppose living wages. While they may support fair wages, they may fear that living wages could decrease union relevance and cause union membership to decline.

Opposition from business: Local businesses may fear rising costs from living wages.

Enforcement: Effective enforcement programs are important but costly. The Peterborough government would need a quick return on the investment of these costs.

Opportunities

Industrial structure: Fair wages currently dominate the secondary industries. There is an opportunity for living wages to expand in the tertiary sector, the largest sector in Canada, which is less unionized and less affected by fair wage policies.

Low income cut-offs: LICOs can be a method used for calculating living wage levels. For Peterborough, this wage may be about \$15.26 if the wage were based on a family of four.

Political Climate: The political climate can influence what wage policies are enacted. Recent changes in local and provincial government make living wages a timely issue.

Local government support: It is important to gain the support of local governments. It is possible to do this by emphasizing the return on investment, in the forms of a prestigious city image, a healthier workforce and a stronger local economy.

Employer incentives: Local businesses may be more interested in living wages if they know they will see a quick return on their investment. This return can be achieved through more-productive staff and a stronger local economy. Other incentives such as tax cuts and training subsidies may be offered.

Fair wage v/s living wage complexity: Living wages may be attractive because they may be simpler to administer than fair wages.

Range of available instruments: Contracts with general suppliers and renters of city property and other tools may be used to enact living wages. The more instruments used, the better the coverage will be.

Recommended next steps: Next steps may include developing a model of how a living wage could work and providing a greater statistical profile of Peterborough's workforce.

Please see **Section 4.0** for the full discussion of Implications for Peterborough.

Conclusion

Living wage policies are municipal laws that require businesses who have contracts or receive subsidies from the city to make their employees a “living wage” a rate that is pre-determined and is based on a local cost of living. The purpose of the living wage is to help lift working families above the poverty line.

This research project profiled three Canadian cities with ordinances similar to living wages. Three case studies were conducted; two were in Ontario (Toronto and Peterborough) and one in British Columbia (Kamloops). Toronto's, Fair Wage Policy, British Columbia's Fair Wage Skills Development Act (where the City of Kamloops was profiled as an example of the provincially mandated policy) and Peterborough, Ontario's Fair Minimum Wage By-Law (See **Section 3.0** for the complete case studies). From the three case studies, implications for Peterborough were drawn under the following subject areas: Industrial structure, low income cut-offs, union support and opposition, enforcement, political climate, local government support, opposition from business, employer incentives, fair wage v/s living wage complexity, range of available instruments, and recommended next steps (see **Section 4.0** for the complete discussion of implications). The focus group that was held in March, 2004, discussed barriers and opportunities to living wages in Peterborough. These implications are also discussed in **Section 4.0**. The focus group identified some possible next steps for living wage research, which included developing a local model for a living wage policy. Please see **Section 4.0** for the full discussion of these results and **Section 5.0** for the full conclusion.

2.0 Literature Review

The literature review includes an annotated bibliography (thematically arranged) and a bibliography (alphabetical). Please see **Appendix E** for both of these documents.

Preface

Many economists and social policy activists have strong opinions on the subject of living wage policies. Some argue that living wages are extremely beneficial to the poor, to businesses and to the surrounding community while others fear living wages will have the opposite effect. This literature review summarizes both sides, in addition to explaining what the living wage actually is, and how it can be implemented. By researching the potential barriers and opportunities to a living wage the research team was able to gather background knowledge on the issues and simultaneously prepare themselves for the varied responses (both positive and negative) that would be received during interviews and focus group discussion. Overall, the following information helps to contextualize the research that has been conducted for this project.

What is a Living Wage?

Living wages are frequently confused with minimum wages and fair wages. While all three have standard wage floors that cannot be violated by employers, there are several differences between them.

Fair wages, which are municipally set standards for wages and working conditions, have a different purpose, level of coverage and rate than living wages. Their purpose is to ensure that City contractors pay their workers the minimum union rates of pay, usually falling within 10% of union rates, and pay prevailing wages and benefits to non-union workers (Schenk, 2001). Therefore fair wages are intended, among other things, to produce stable labour relations and reduce competition between union and non-union workers. Fair wages have a much different level of coverage than most living wage policies, as they only apply to particular types of work, most typically construction jobs that have been contracted out by the city (Gervasi, 2000; Martin, no date). However, they can apply to non-construction workers and other types of occupations as well. Fair wages, while they may help to raise wages and boost support for workers rights, are not

necessarily intended to fight poverty; their scope and coverage is limited and the wages are correlated with union rates, making expansive coverage expensive (Schenk, 2001)

Minimum wages are also considerably different from living wages. Provincial minimum wages affect the vast majority of employees in Canada, however home-workers and workers that serve liquor, are under 18 years old and are working part-time or seasonally work under slightly different minimum wage standards (Government of Canada, 2002). In addition, some selected industries have their minimum wages mandated by the federal government. These industries include: marine shipping; air transportation; railways; inter-provincial/international trucking; canals, pipelines, tunnels, and bridges that cross provincial borders; telephone, telegraph and cable systems; radio and television broadcasting; banking; grain elevators and feed and seed mills; uranium mining and processing; protection of fisheries; and First Nations activities (Government of Canada, 2003). However, provincial minimum wages apply to approximately 90% of the workforce (Government of Canada, 2002).

David Neumark (2002) explains that living wages are dissimilar to minimum wages in that living wages have an anti-poverty objective, are significantly higher in their rate of pay and affect a far smaller number of people. Usually they only affect employees working for companies that have city contracts. Living wage ordinances are municipal laws that require businesses who receive subsidies or have contracts with the city to pay their employees a “living wage” a wage that is high enough to support a family (Collins, Kraut & Klinger, 2000; Economic Policy Institute, no date; Quigley, no date). This is what distinguishes living wages from fair wages and other types of wage policies; living wages are specifically calculated to ensure that the family has enough money to live above poverty. Sometimes this wage rate is calculated according to the cost of living in the local area, and other times it is based on a federal poverty line. The wages are usually based on the needs of a family of four, (Schenk, 2001,) however a family of three can also be used as the standard (Cameron, 2003). In Baltimore, for example, the living wage was determined by calculating how much money was needed in order for a family of three to live above the federal poverty line (Collins, et al., 2000).

There are a number of measures available that can help determine what the wage level

should be. The relative measures of poverty are based on a fixed percentage of average or median levels of consumption or income; they measure low incomes in relation to all incomes in the country. Two examples are the Low-Income Measure (LIM) and the Low Income Cut-Off (LICO) (HRDC, 2003). The absolute measure of poverty is based on a minimum acceptable standard of living, represented by a basket of goods and services, which is then priced over time. The Market Basket Measure is an example of such as gauge (HRDC, 2003). Therefore if Peterborough was to implement a living wage, the rate may be based on the hourly amount needed to raise a worker and his/her family above poverty, as determined by the Low Income Cut-Off or another local measure of poverty (Luce, 2002; Newmark, 2002; Varricchione, 2001). If the rate is based on the LICO, it can provide anywhere from 100 to 125% of the standard (Reynolds, 2003). Whichever measure it is based upon, living wages are always above provincial minimum wage levels and intended to lift families out of poverty (Economic Policy Institute, no date).

According to Quigley (no date) some cities have been found to set an hourly rate; others index the hourly rate to inflation. Other cities require that benefits be paid in addition to the hourly wage, and for others the living wage is adjusted according to whether or not benefits are being paid. A living wage might also include provisions for benefits, labour relations and hiring practices (Economic Policy Institute, no date).

Martin's unpublished research report "Earning a Living Wage in Peterborough" (no date) explores ways in which living wage laws have been put into practice in the United States. By examining five jurisdictions that have implemented living wages, Martin demonstrates that these policies can be implemented in a variety of ways. They may apply only to private businesses that have contracts with the city or receive extensive subsidies from the government. In other cases, the policies may only affect businesses in "living wage zones" where there is high tourist traffic, and these businesses must have a high annual income and a certain number of employees if they are to be affected. In other jurisdictions, the laws are not forced upon businesses but offer tax cuts and subsidies for those who implement living wages as incentives.

Opportunities for a Living Wage

There are several reasons why implementing living wages could potentially be a positive move. First of all, advocates of living wages argue that it is an efficient method of reducing poverty, which has a positive effect on everyone in a community. Secondly, they argue that it makes good business sense, by not only helping to improve productivity, but also in setting standards for other employers and promoting a healthy, stable community. Lastly, the living wage movement may find support from unions and even politicians.

Those who argue for a living wage usually do so because they believe that the current provincial minimum wage is inadequate (Varricchione, 2001; Battle, 2003; Stanford, 2003). Collins, Kraut & Klinger (2000) and Stanford (2003) explain that even when two people are working full time, a family can still live in poverty. They argue that minimum wages are insufficient in that they do not always cover the cost of housing, childcare, utilities or other basic necessities. The result is that many full-time minimum wage workers are unable to feed or house themselves or their families (Battle, 2003; Jackson, 2003; Quigley, no date). Minimum wage workers also lack savings and pensions, which could potentially lead to a poverty-stricken future.

Furthermore, when adjusted to fit today's inflated economy, Ontario's minimum wage has been falling since the 1970's and continues to decline (Battle, 2003). Jackson, et al. (2000) state that there has been no increase for more than 20 years in the real annual earnings of Canadian men working full-time. The average weekly earnings, adjusted for inflation, grew just 2.8% from 1989 to 1998. And, despite strong economic growth in 1999, there was no increase in real weekly earnings.

Living wage advocates argue that poverty affects more than just the low wage workers themselves. For example, poverty is partly responsible for hefty tax dollars that go towards medical facilities. Because poverty is linked to increased use of hospital and other health care facilities, as well as behavioural and cognitive problems, the poor are more likely to spend taxpayers' dollars on medical care (Maxwell, 2002; Health Canada, 1999.)

Secondly, many argue that there are numerous economic benefits for employers who

enact living wage policies. According to the Economic Policy Institute, (no date) when living wages are implemented, the increase in labour costs is expected to be less than 2% of total production costs. These costs look even more minimal when increased productivity is factored in. Berenstein (2000) and Standford (2003) argue that living wages are actually quite profitable because businesses with living wages in place attract better qualified employees, and employees require less supervision, have higher morale, are more productive and have lower rates of absenteeism, and employers experience reduced turnover. In addition, while others may worry that employers will relocate because of increased costs, Berenstein argues that in fact employers counterbalance increased costs of labour through increased productivity, and likely won't relocate but will look for ways to absorb these costs. For example, two separate studies of the Baltimore ordinance found no evidence of job loss, decrease in competition or increase in contract costs. Instead they reported an increase in efficiency and decrease in turnover rates. Furthermore, higher wage levels won't necessarily deter new businesses from opening and expanding if other conditions exist, such as a high quality of living and available workforce. Businesses may actually be more deterred by high levels of poverty because workers are not reliable. Varricchione (2001) found that living wages can actually be used as a tool to attract industry and business to a depressed region through incentives of tax rebates and grants.

Other research has shown that little or no increase in inflation or unemployment has occurred when minimum wages have been raised in relation to increasing costs of living, and when the US federal minimum wage was increased in 1996-1997, unemployment did not escalate (Berenstein, 2000). In fact, Bernstein, Boushey & Rasell (2001) argue that the raises should not hurt the economy's growth or cause significant unemployment, even in times of recession. The authors pointed to other research which found that during the last minimum wage increase that was implemented during a recession, no significant job loss occurred. Furthermore, the benefits received by low-wage workers and their families, especially retail and trade workers, far outweighed any costs.

There are other economic benefits that include the following. First of all, living wages can help local businesses by lowering their taxes since low-paid workers depend heavily on social services and medical assistance. Secondly, low wage workers spend their

money locally and therefore a wage increase would help foster community businesses. Thirdly, living wages eliminate the “race to the bottom” which can have negative effects in the community and lower regional standards (Berenstien, 2000). Finally, Maxwell (2002) suggests that cheap labour reduces incentive for innovation. He argues that existing human capital is currently under-utilized and therefore productivity growth is less than what it could be, however, increased wages may require employers to consider more thorough job training, giving employees more opportunity to gain experience and skill (Rutakumwa, 2002).

One concern of those opposed to living wages is that workers supporting families will not be the ones to benefit from a wage increase, since a large majority of young people that are supported by their parents work low wage jobs. Neumark (2002) points out that the wider the coverage, the more successful they are, but Bernstein, et al., (2001) and Jackson (2003) have shown that most low-wage workers who would benefit would disproportionately be women, ethnic minorities and adults. While the raise would affect a significant number of teenagers, the majority of the affected workers would in fact be adult workers (60%) and almost half of affected workers would be full-time employees.

Lastly, it is important to consider the opportunities to make partnerships with community members, such as unions and politicians. Living wage advocates may find support from unions because they can decrease privatization and competition among workers. Since privatization and outsourcing threatens the jobs of unionized government workers, unions may support living wages which can form a compromise between the wages paid to union and non-union workers. Unions may also be supportive if they are aware that their involvement with living wage campaigns can build support for workers rights and union organizing in the community. Increasing membership and building support may be particularly helpful to unions since membership has decreased and, because of corporate restructuring and industrial change, union levels may continue to drop (Luce, 2003; Reynolds, 2003). In addition, living wage policies can include laws that can deny contracts to anti-union contractors or subcontracts, they can require contractors to ensure labour peace, mandate anti-retaliation and anti-displacement policies, and can offer a collective bargaining opt-out clause, in which the living wage Act can be superseded by collective bargaining agreements if the employer and employees agree (Reynolds, 2003). This can help to restore the power and interest of unions and

therefore secure their support for living wages.

Although governments may be unsupportive of living wage campaigns, which will be addressed in the following discussion, it is important to note that politicians may get on board if there are enough incentives. For example, Luce (2003) argues that living wages may be attractive to governments who are looking for a way to distinguish themselves from their rivals.

Clearly there are a variety of potential benefits to living wage policies, both social and economic, and the policies have many attractive features that apply to community members, including employers, unions, and politicians. The potential benefits or “opportunities” as listed above give this project a purpose. If the benefits as listed are in fact valid, it is important to research ways in which living wages can effectively be implemented, which would allow Peterborough and other Canadian cities to consider implementation more seriously.

Barriers to a Living Wage

There are several arguments for why a living wage might not be the most efficient policy method to assist the working poor. First, the cost of implementing a living wage policy has resulted in apprehension from municipal governments. Secondly, living wage policies have been accused of assisting the wrong target population. Thirdly, there is a concern that a living wage policy would create a negative effect for low-skilled workers by decreasing entry-level positions and thereby increasing poverty levels. Finally, alternatives to living wage policies might be more preferable and more efficient methods.

There are costs that are associated with enacting a living wage ordinance which cities must incur. Some of these costs may include imposing sanctions against covered businesses, establishing grievance procedures for eligible employees, monitoring compliance, and introducing reporting requirements (Varricchione, 2001). Quigley (no date) suggests that a living wage policy would increase the cost of governmental

contracts. Contractors may be forced to pass along increased costs to the city as well as the consumers of services, or the business may be forced to move outside the community. Not only would there be a direct financial cost to a living wage policy, there could also be an increased detriment resulting in an increase of the local poverty rate, which will be explored further in this discussion.

The population covered by living wages has also been under examination due to the limited number and types of workers that such a policy targets. The effectiveness of the living wage ordinance as a poverty reduction tool is being challenged because it only covers contractors and subcontractors within a city; approximately 1% of all workers (Varricchione, 2001). A living wage ordinance applies only to certain businesses while excluding other types of low-wage workers, such as janitors, security guards, and parking attendants (Quigley, no date). Therefore a relatively small number of individuals are actually covered under living wage ordinances. Even fewer of these workers are supporting families. On average 15% of workers in the U.S. receiving a living wage support a family. Most minimum wage earners do not support families (Varricchione, 2001).

The purpose of a living wage is to lift low-income workers out of poverty, although living wages have been criticized for doing just the opposite. It has been suggested that living wage policies do not assist low wage earners, but rather support the already high wage earners. A study conducted by Berenstein (2000) found that living wage policies had minimal effects partly because most of the covered workers under the policy were already earning a living wage. Therefore living wages are meant to assist low-earning families, but target higher-income families instead (Shannon and Beach, 1995.)

Economists believe that living wage ordinances would lead to an increase in local poverty rates and a reduction in the number of entry-level jobs since employers would hire applicants with greater skills and more experience (Varricchione, 2001). Critics often highlight that low wage earners tend to be low skilled and employers that pay higher wages may attract higher skilled workers, thereby employing fewer low-skilled workers. This could reduce the number of entrylevel jobs and increase the poverty rate (Quigley, 2001). Shannon and Beach (1995) provide a valuable examination of a “what-

if situation.” They examined the potential employment losses if the Ontario minimum wage was increased by 60% from the current minimum wage. This could potentially reduce the number of jobs by 73,000 92,000.

Many criticize the lack of investigations into alternative forms of policies that would be more suitable. The Economic Policy Institute (2002) had professional labour economists study the effects of wage subsidies and mandates, who unquestionably preferred tax credits or wage subsidies as an antipoverty tool to a living wage. Therefore living wages have been criticized, particularly by economists, as they are not necessarily the most beneficial policy method to use in the fight against poverty (Neumark, 2002).

Lastly, the living wage movement may experience significant opposition from unions. Although it was previously suggested that living wages can appeal to unions for various reasons, union response is not always favourable. One of the biggest concerns is that the living wage could make unions less relevant, if ordinances can raise wages without the help of unions. This may decrease the incentive to organize and decrease union membership (Luce, 2003).

This literature review demonstrates that there are many varying opinions and even conflicting research that surrounds living wage policies. It is important to be aware of any potential barriers to a living wage. Above it is shown that there are many criticisms that argue against the effectiveness of the policies. These criticisms are held by both the governmental and private sectors, both which have significant concerns with the policies. It is important to take these concerns into consideration when contemplating the possibility of living wage implementation.

Conclusion

The living wage is a hot topic in Canada today, partly because of its potential to help fight poverty and partly because so many find this concept problematic. There is a vast amount of literature available on the subject, and many authors and researchers are quite opinionated and passionate on the topic. The research team has attempted to take both sides into consideration when conducting the interviews, case studies and

focus groups. Overall, the team was excited to research a social policy which is now being debated throughout Canada and the US. The team hopes that this research will help contribute to the discussion of barriers and opportunities involved with implementing a living wage in Canada.

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3.0 Case Studies

The following is the full version of the case studies of the following jurisdictions:

- Toronto, Ontario Fair Wage Policy
- Kamloops, British Columbia Skills Development and Fair Wage Act
- Peterborough, Ontario Fair Minimum Wage By-Law

i. Toronto, Ontario

Introduction

Toronto's Fair Wage Policy was initially implemented in 1893. Its purpose is to ensure that all contractors, sub-contractors, suppliers, and tenants that rent city property for business use do not discriminate against their workers. This is done by having these employers pay their workers union rates, prevailing wages and benefits according to the occupation, as well as complying with acceptable number of hours and work conditions (City of Toronto, 2003). The contractor cannot discriminate against workers or applicants for employment. The intention of their policy is to produce stable labour relations with minimal disruption, to compromise between the wage differentials of organized and unorganized labour, to create a level playing field in competitions for City work, to protect the public, and to enhance the reputation of the City for ethical and fair business dealings (City of Toronto, 2003).

The reason we chose Toronto as a case study is because it is a well-known jurisdiction that has implemented a Fair Wage policy on a large scale. The information drawn from this case study will be very beneficial because Toronto is a close neighbour to Peterborough.

Toronto's policy is relevant to Peterborough because it offers a large-scale example of how a fair wage can be implemented to all city employees, contractors, sub-contractors, suppliers and any tenants that rent city property for business use. Toronto provides a secure representation of the development of a wage policy over the years. The Fair Wage Policy provides a helpful example of how Peterborough's policy can be expanded and improved.

City Profile

Population

The current population of the City of Toronto is 2,481,494 (Statistics Canada, 2004a.) The City of Toronto saw an increase in population size in 1996 due to the merger of all Toronto municipalities into one metropolis. The size of the population of the City of Toronto in 1991 was 635,395 and grew to 2,385,421 in 1996 (Statistics Canada, 2004b, 2004c.) Figure 1.1 demonstrates the increase in Population size due to the amalgamation of all City municipalities.

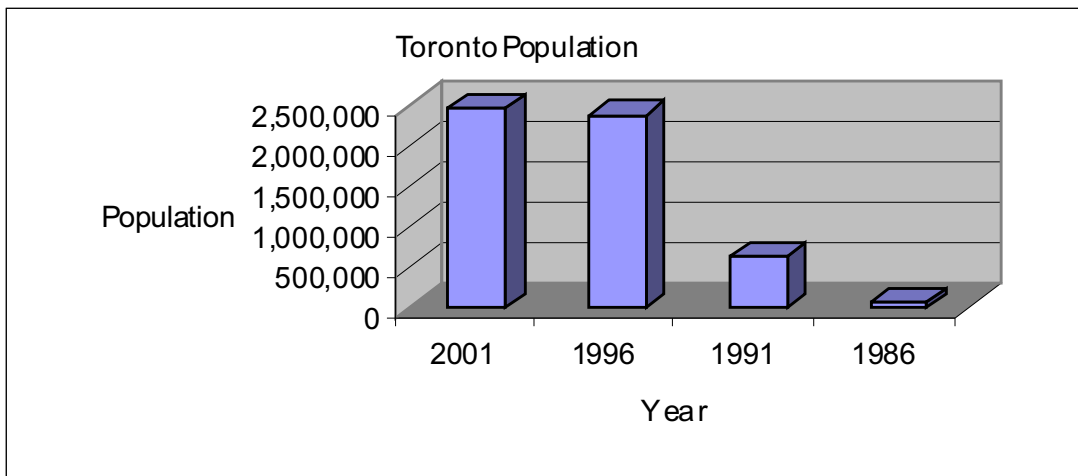


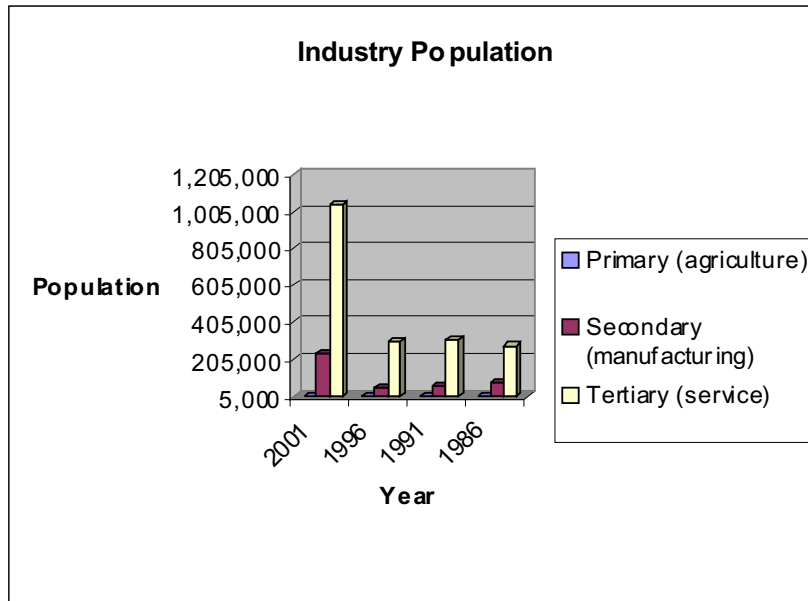
Figure 1.1: Toronto Population (1986-2001)

Industry Profile

The most prominent industry type for Toronto is Tertiary (Statistics Canada, 2004a.) Employment in the Tertiary industry is greater than employment populations of both the Secondary and Primary industries combined. Figure 1.2 demonstrates the shifts between the size of industries over the past 4 censuses. According to Figure 1.2, the Tertiary industry, on average, comprises 81% of the Total Industry employment, while the Secondary industry comprises 19%

and the Primary Industry comprises 6% of the total industry employment population. The Primary industry is comprised of all agriculture industries, the secondary industry is comprised of manufacturing industries, and the tertiary industry is comprised of all service industries.

Figure 1.2: Industry Population in Toronto (1986-2001)



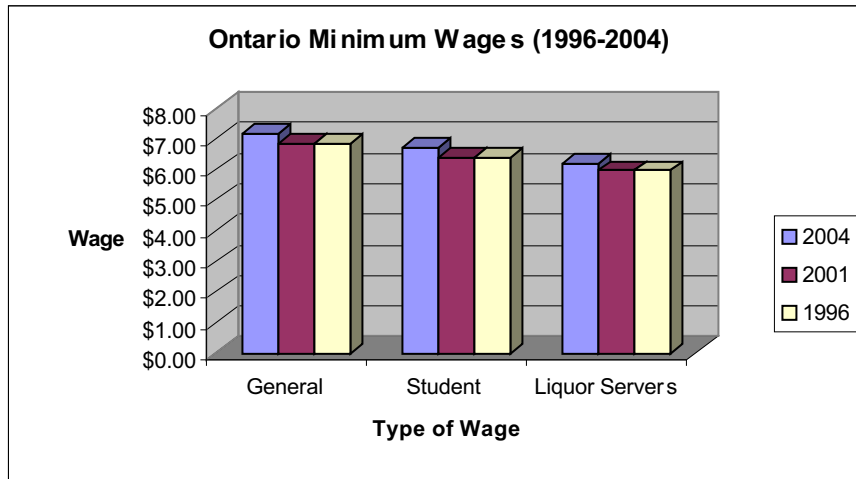
Note: The Primary Sector includes agriculture and resource extraction, the Secondary industry includes manufacturing and construction and the Tertiary industry includes services.

Minimum Wage

The provincial government mandates the minimum wage rates for each province. Therefore the minimum wage rates for both Toronto and Peterborough are the same. This is a cause for concern seeing how the cost of living in Toronto is proportionately higher than the cost of living in Peterborough. This is an important point to take into consideration when examining the differences between what a fair wage might be in Toronto versus a fair wage rate in Peterborough.

Throughout the years 1996 and 2001 the minimum wage level remained stable (Ministry of Labour-Employment Standards, 2004). Most recently the provincial government has increased the minimum wage levels. However, these wage levels do not reflect the cost of living. The general minimum wage in 2001 and 1996 was \$6.85. In January as of 2004 it increased to \$7.15 per hour.

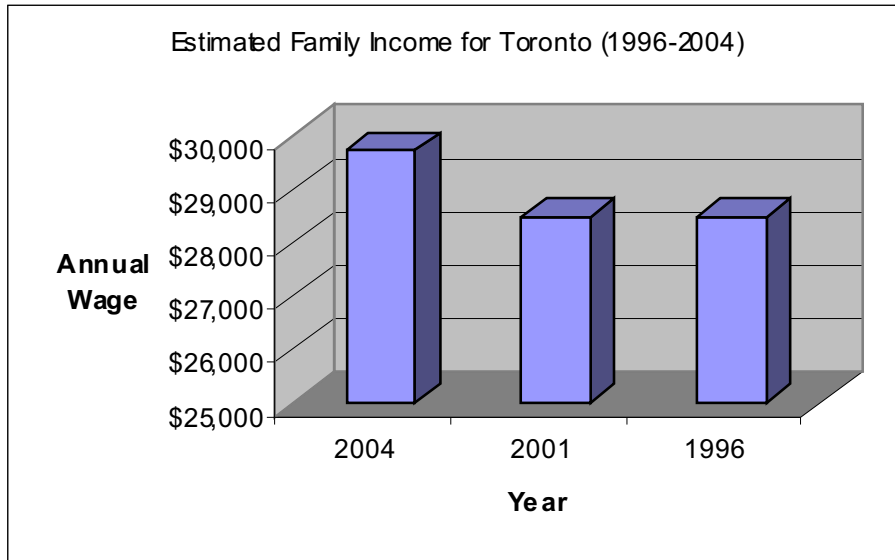
Figure 1.3: Ontario Minimum Wage (1996-2004)



Note: This table describes the shifts in Minimum Wages for Ontario over the past 8 years (Ministry of Labour-Employment Standards, 2004).

The income for a family of four with two parents working full-time, receiving a minimum wage in 1996 was \$28,496. Five years later, in 2001, the family income remained the same. While in 2004 increased to \$29,744 from \$28,496 in 2001. These wages are calculated based on 40 hours per week at the general minimum wage level of that year. The increase is due to the change in minimum wage levels for the province of Ontario.

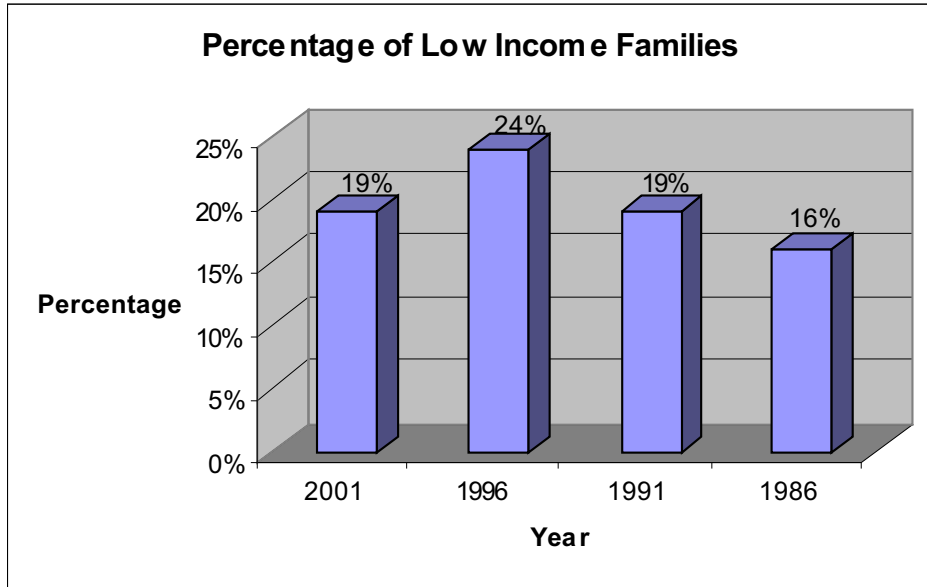
Figure 1.4: Estimated Family Income for Toronto (1996-2004)



Note: This graph demonstrates the increase in a family's income according to the minimum wage levels for Ontario over the past 8 years (Ministry of Labour-Employment Standards, 2004). This estimate of the family income was calculated based on the general minimum for two wage earners in the family working 5 days each week for 40 hours a week.

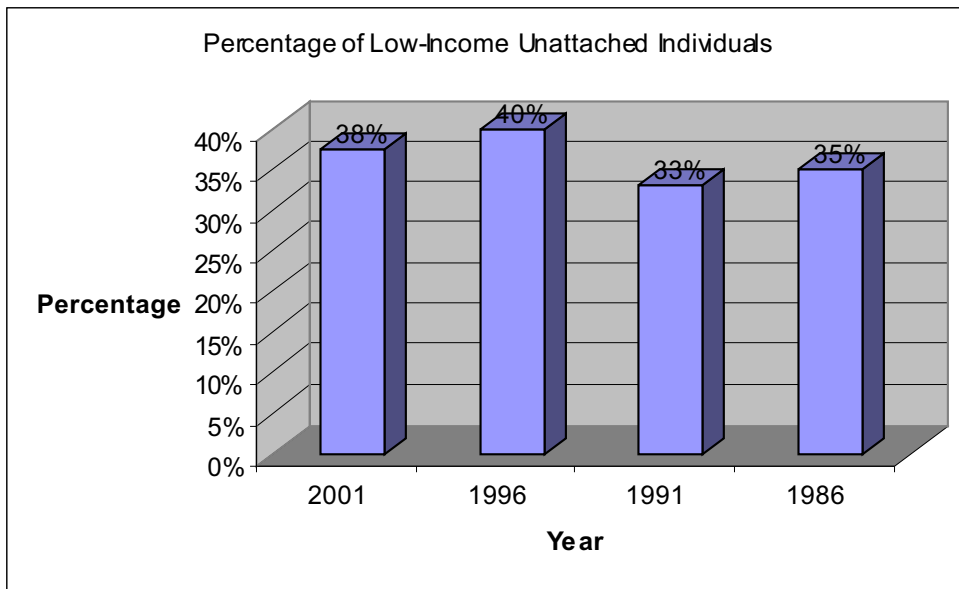
The total number of families living in Toronto dramatically increased in 2001 due to the merger of municipalities. Throughout each year the total number of low- income families has risen (Statistics Canada, 2004c). The percentage of low income families has remained stable, except in 1996 when there was a slight increase.

Figure 1.5: Percentage of Low Income Cut-Off Families in Toronto



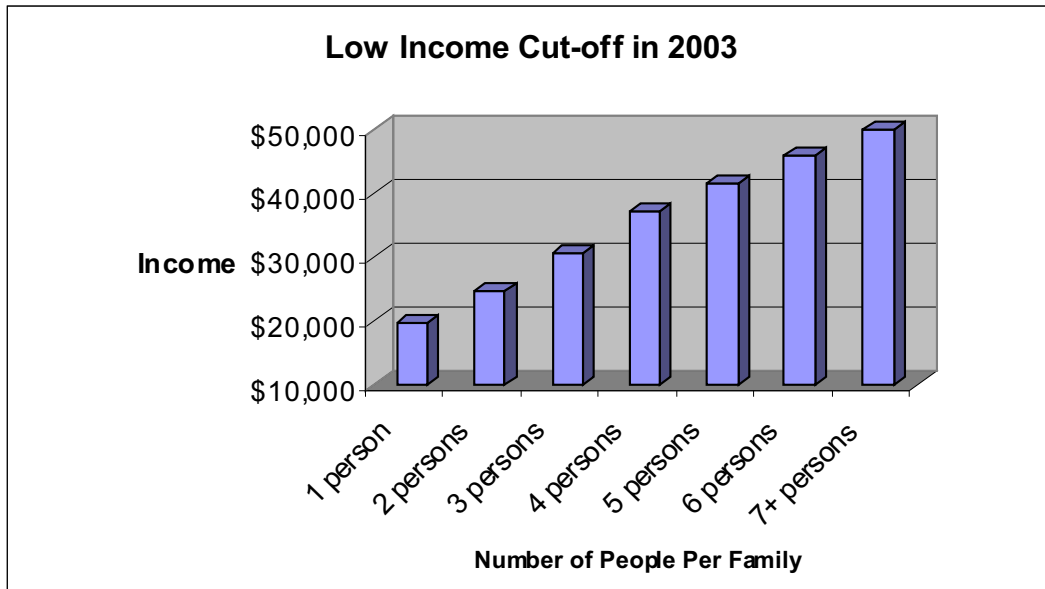
Note: The percentage of low income families has remained stable, except in 1996 when there was a slight increase in the number of low-income families (Statistics Canada, 2004c).

Figure 1.6: Percentage of Low-Income Unattached Individuals in Toronto



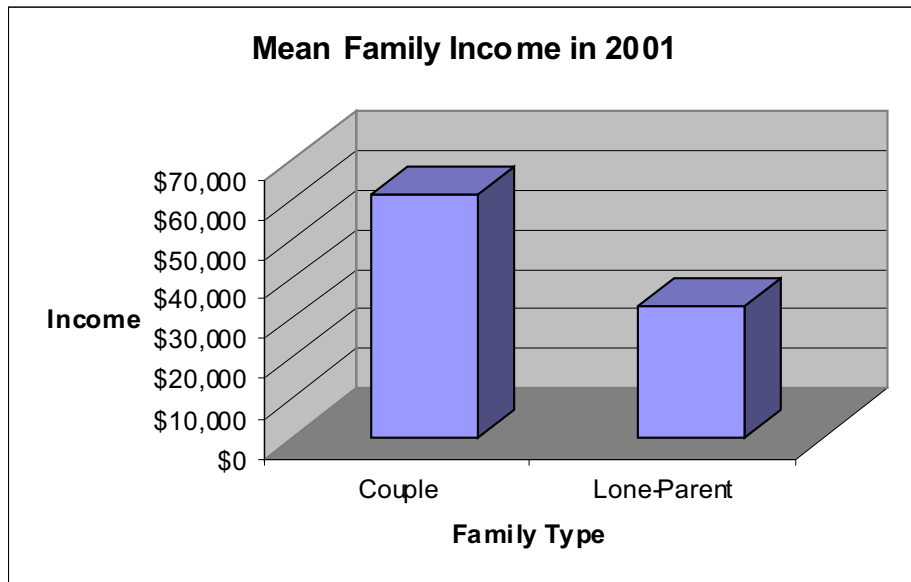
The percentage of low-income unattached individuals has remained stable at an average of 36.5% in comparison to the total number of unattached individuals (Statistics Canada 2004f).

Figure 1.7: Low Income Cut-Off per Number of People in Family: City of 500,000+ (2003)



Note: This demonstrates that as the number of people per family increase so does the low-income cut-off level (Canadian Council on Social Development, 2004). This indicates that the living wage should be calculated according to the number of people in the family.

Figure 1.8: Mean Income for Couple and Lone-Parent living in Toronto (2001)



Note: The mean income of a lone-parent is much lower at \$32,920 per year compared to a couple who earn \$61,092 per year.

Figure 1.9: Employment by Occupation in Toronto in 2002



1. Management
2. Business, Finance & Administration
3. Natural & Applied Sciences
4. Health
5. Social Science, Education, Government Service & Religion
6. Art, Culture, Recreation and Sport
7. Sales and Service
8. Trades, Transport & Equipment Operators
9. Primary Industry
10. Processing, Manufacturing & Utilities

In Toronto the highest employment levels are within the Sales and Service occupations, while the second highest are in Business, Finance and Administration (City of Toronto Economic Development, 2002). The lowest employment levels are within occupations in the Primary Industry.

Figure 1.10: Toronto's Fair Wage Levels (Hourly Rate) over 12 years

	2003- 2004	2000- 2001	1995- 1997	1992- 1994	1992- 1993	1991- 1992	1990- 1991
General Classifications	\$17.18	\$16.78			\$14.89	\$14.54	\$14.52
Heavy Construction	\$28.10	\$28.73	\$23.48		\$23.81	\$23.67	
Industrial, Commercial, Institutional	\$26.78	\$25.30	\$24.70	\$24.51	\$24.23	\$23.23	\$23.02
Residential Work		\$25.92	\$23.98	\$23.50	\$23.52	\$23.21	\$23.00
Road Building Work	\$26.75	\$23.55	\$23.26		\$22.66	\$21.23	\$21.12
Sewer and Water main Construction	\$28.91	\$25.90	\$24.46		\$24.68	\$23.19	\$22.98
Utility Work	\$26.78	\$24.38			\$21.94		

Note: This chart demonstrates the fair wages levels under Toronto's Fair Wage Policy over the past 12 years.

Data was calculated based on the average wage per hour for each sector over each year of Toronto's Fair Wage Schedules. Some wages remained the same from year to year. According to this, Sewer and Watermain Construction workers and Heavy Construction workers were the highest wages paid from 2003-2004, earning \$28.91 and \$28.10 respectively. The General Classification workers, such as Security Guards, Building Maintenance Cleaners, and Landscapers, etc. were the lowest paid workers at an average wage of \$17.18 per hour (City of Toronto, 2004).

It is important to take into account the size of the population of a city, the employment population of each industry, the current minimum wage, and low-income cut-off levels in order to determine who the living wage policy will most affect and who the policy should target.

Description of Policy

Toronto Fair Wage Policy

The Toronto Fair Wage Policy (2003) demands that contractors for the City pay their workers union rates; non-union workers must be paid prevailing wages and benefits in their field. Toronto's Fair Wage Policy covers all employees that are hired by contractors, sub-contractors, suppliers, or tenants of City property. The policy does not cover or apply to small businesses, such as owner-operators, partnerships, or principals of companies, although the worker/owner must take on the work themselves. The fair wage requires compliance with acceptable working hours and conditions of work.

The fair wage rates and schedules within this policy are established through discussions and reviews between employee and employer groups and associations. These rates are then recommended to the City Council and are revisited every three years. The Contractor is required to pay employees on a weekly or bi-weekly basis. Wages and or wage-rates are to include fringe benefits, which includes benefits such as company pension, extended health care benefits, dental and prescription plans, but does not include payroll deductions, to be paid to the worker as part of the wages or as a benefit. Each worker under the Fair Wage Policy is to be paid a wage according to the set wage schedule for each classification of worker for that particular industry at the time of tendering according to the Municipal Code, Chapter 67, Fair Wage (City of Toronto,

2003). A three percent wage increase for the General classifications schedule and a three percent annual increase for all other construction-related schedules according to the prevailing union and collective agreements was implemented for Toronto's Fair Wage Policy in 2003. The construction rates are based on the lowest rates established by collective bargaining, while other occupational rates are based on market and industrial surveys along with the prevailing wages for non-union workers in the target geographical area (City of Toronto, 2003).

Employee and employer groups and associations establish the fair wage. City Council then implements the policy. All contractors must abide by the Occupational Health and Safety Act. This fair wage policy cannot be waived, unless it is authorized by Council. A By-Law is the instrument used to implement the Fair Wage Policy. Conditions of the Fair Wage Policy cannot be waived, or the City Council must provide authorization to waive the conditions of the policy.

The updated 2003 Fair Wage Policy states that the Contractor cannot discriminate against workers or applicants. The contractor must abide by the regulations of the Occupational Health and Safety Act at all times, and pay employees on a weekly or bi-weekly schedule including appropriate benefits. The Contractor is also responsible for maintaining a list of workers' names and records of the amounts paid to each, if requested, a copy of all pay sheets, lists, records and books relating to the work, and must disclose any information regarding wages of workers that is applicable in connection with the work contract. A Contractor cannot permit any worker to work more than the number of hours permitted per day and per week, according to the Fair Wage Schedule for that particular type of work.

The Contractor must display a copy of the Fair Wage Policy in a prominent position in the workplace where all employees have access to view the policy. If a Contractor does not pay a worker wages according to the set wage schedules the corporation pays the balance required to make up the difference of the wages and are charged that balance as well as a maximum administration fee of fifteen percent (City of Toronto, 2003).

There is a Fair Wage Manager who monitors the problems and movements surrounding

the Fair Wage Policy. If any dispute arise surrounding wages, it is the decision of the Manager and Fair Wage and Labour Trades Office that is binding (City of Toronto, 2003).

History

Toronto's Fair Wage policy was first introduced in 1893 to ensure that contractors of the Municipality of Metropolitan Toronto paid their workers union rates or prevailing wages and benefits for non-union workers. At this time the policy only applied to construction contracts (City of Toronto, 2003).

In 1981 what was the former City of East York adopted Metro Toronto's Fair Wage Policy to be applied to all construction contracts. The former City of Etobicoke also followed suit and adopted the same policy in 1989. The former City of North York adopted the policy in 1989, but then rescinded it in 1995. The former City of Scarborough also adopted the Fair Wage policy in 1989 although only applied it to road cuts and sewer work (City of Toronto, 2003).

In 1991 the former City of Toronto conducted a review of the Fair Wage and Labour Trades Office (FWLTO), which was associated with the Purchasing and Materials Supply Division. The review found that there were more resources needed to increase inspection activities and an office space and more staff was required to manage the growing level of contracts (City of Toronto, 2003).

In 1998 the City of Toronto Council adopted the Fair Wage Policy for all City Departments, Agencies, Boards, and Commissions. The Council replaced all existing Fair Wage Policies of former municipalities with one standardized policy for the new larger City of Toronto. In 2000 the City Council adopted a new set of Fair Wage Schedules for the City.

In 2001 the City Auditor conducted a confidential review of the Fair Wage and Labour Trades Office. Recommendations were made to improve the policy, such as following: the FWLTO was to ensure that all non-compliance incidents were reported to the

Administration Committee; amendments had to be made to the Fair Wage Policy to strengthen enforcement; a policy to address non-compliance within the Office was needed; definitions of roles of the FWLTO and Purchasing Departments in monitoring compliance with the policy were to be made; criteria was needed to determine bidder's compliance with the policy requirements; enforcement that focused on certain trades was needed; a registry of non-compliance companies, audits, and compliance evaluation reports were to be completed; performance indicators were needed; and staff training for the FWLTO was also recommended (City of Toronto, 2003).

In June of 2002 City Council adopted the recommendations made by the City Auditor for the proposed changes to the Fair Wage Policy. By September of 2002 the Manager of the Fair Wage Office was arrested and facing criminal charges in connection with inappropriate business dealings. Due to the result of the changes made in response to the City Auditor's review a further assessment of the Fair Wage Policy and Office was conducted to further improve the policy, wage schedules, office practices and procedures (City of Toronto, 2003).

In January of 2003 a new Acting Manager was appointed. A review of the Fair Wage office was published along with an updated Fair Wage Policy and wage schedules. A new By-Law 51-71 to update the Fair Wage Policy was adopted by the City Council.

Policy Outcomes

According to a confidential interview with an employee of the Fair Wage Office in Toronto, the Fair Wage Policy has been successful (Anonymous A, 2004). It is a policy that the City of Toronto sets as a leadership example on employment equity, anti-discrimination, and against harassment in the workplaces in Toronto. Mayor David Miller affirms that the Fair Wage Policy is a commitment to fairness in City contracts with private firms; it is a commitment that the City continues to support and “champion” (Mayor David Miller, Human Rights Day Speech, 2003).

According to the 2003 Review of the Fair Wage Policy, this policy in Toronto has attempted to produce stable labour relations with minimal disruption. It provides a

compromise between the wage differences between organized and unorganized labour. Toronto's Fair Wage Policy has created a level playing field in competitions for City work for all City contractors, sub-contractors, suppliers, and City business tenants. It has protected the workers that are covered under City contracts, and this Fair Wage Policy has enhanced the reputation of the City by providing fair and ethical business dealings for all City workers and bidders.

There have been some problems that have arisen within the enforcement and implementation of the policy. Recent efforts have been made to define what procedures are taken when a contractor, sub-contractor, or other is in violation of the Fair Wage Policy. It was determined that if one violates the Fair Wage Policy twice within a 3-year period they would be disqualified from conducting business with the City for a one-year period, and after this time the business would be put on probation while being permitted to bid on City contracts once again. If another violation occurs then the contractor, sub-contractor, supplier, or other will be suspended from conducting business within the City for an indefinite period of time (City of Toronto, 2003). An employee of the Fair Wage Office has identified the difficulties surrounding the inflation of demands placed upon those employees at the Fair Wage Office. These problems increase the difficulty of enforcing the Fair Wage Policy in order to achieve its purpose (Anonymous A, 2004).

The Fair Wage Office in Toronto is staffed by 3 persons: a Manager, Assistant Fair Wage Officer, and a Program Assistant. The May, 2003 Review of the policy identifies the need for an additional Fair Wage Officer to focus on the increase in demands. This person would ensure policy compliance and proactive awareness of the Policy for contractors and departments.

The Fair Wage Policy was recently expanded to encourage its contractors, sub-contractors and suppliers to provide apprenticeship programs for construction related trades. Within this program, apprenticeship students would be paid a fair wage.

Overall, the Fair Wage Policy in Toronto is one of the most comprehensive and successful wage policies in Ontario. The implications of this policy for Peterborough will be discussed further in **Section 4.0** "implications for Peterborough."

ii. Kamloops, British Columbia

Introduction

The Skills Development and Fair Wage Act was a blanket policy that applied to the province of British Columbia. The act was mandated across the province in 1993 and rescinded in 2001. The City of Kamloops chose to discontinue the use of a Fair Wage Act when the provincial act was rescinded in 2001 (Anonymous D, 2004). Kamloops was chosen as an example of one community in B.C. that was affected by the provincially mandated Fair Wage Act. It is comparable to Peterborough in many respects including population size, tourism, industry, the presence of a post secondary institution and comparable natural surroundings. The Kamloops Community Profile describes the City as providing a unique combination of urban amenities and spectacular natural surroundings including hundreds of fishing lakes. It is situated in the heart of B.C.'s Southern interior in a scenic valley at the junction of the North and South Thompson Rivers (Venture Kamloops, 2004).

The Kamloops Fair Wage policy is relevant to Peterborough because the City has a similar sized population and comparable industrial base. The political climate in B.C. differs from Ontario and understanding the development of the Fair Wage policy, the benefits, the opposition and the reasons the City decided to adopt the provincial rescinding of the policy will be useful in providing an example of how a living wage could be implemented in Peterborough.

The B.C. Skills Development and Fair Wage Act (SDFWA) was implemented in 1993 and rescinded in 2001. The SDFWA applied to all government contracts over the pre-tendered value of \$250,000. The policy had two main objectives: to have employees working on government tendered projects receive a wage that reflected the current prevailing wage and to ensure those employed had trade qualifications to ensure quality of workmanship. This included base rates of pay for apprentices as well as the requirements of trade's certification (Anonymous B, 2004).

City Profile

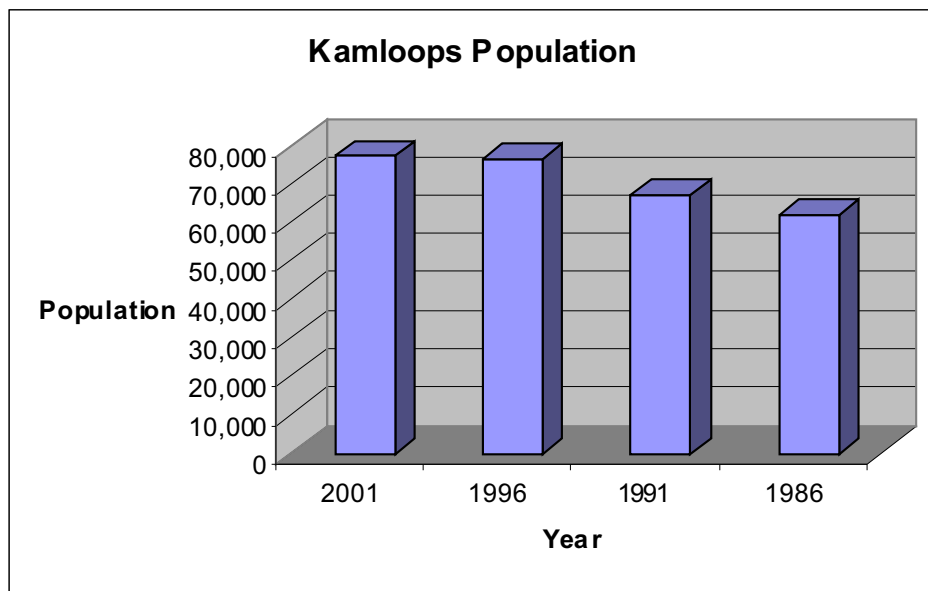
Population

In 2001, the City of Kamloops had a population of 77,281 (Statistics Canada, 2004a). The

population in 1986 was 61,770 and in 1991 it had increased to 67,057. The largest increase took place between 1991 and 1996 as the population grew by nearly 10,000 to 76,394. Between 1996 and 2001 the growth rate slowed to a modest 1.2% and City planners predict a steady growth rate of 1.5% over the next 5 years (Venture Kamloops, 2004).

In 1986 and 1991 Peterborough and Kamloops differed in population size by only a few hundred residents, but even with the relatively large increase in population in Kamloops between 1991 and 1996 the two cities differed by less than 6,000 residents in 2001 (Venture Kamloops, 2004).

Figure 2.1: Kamloops Population (1986-2001)



Industry Profile

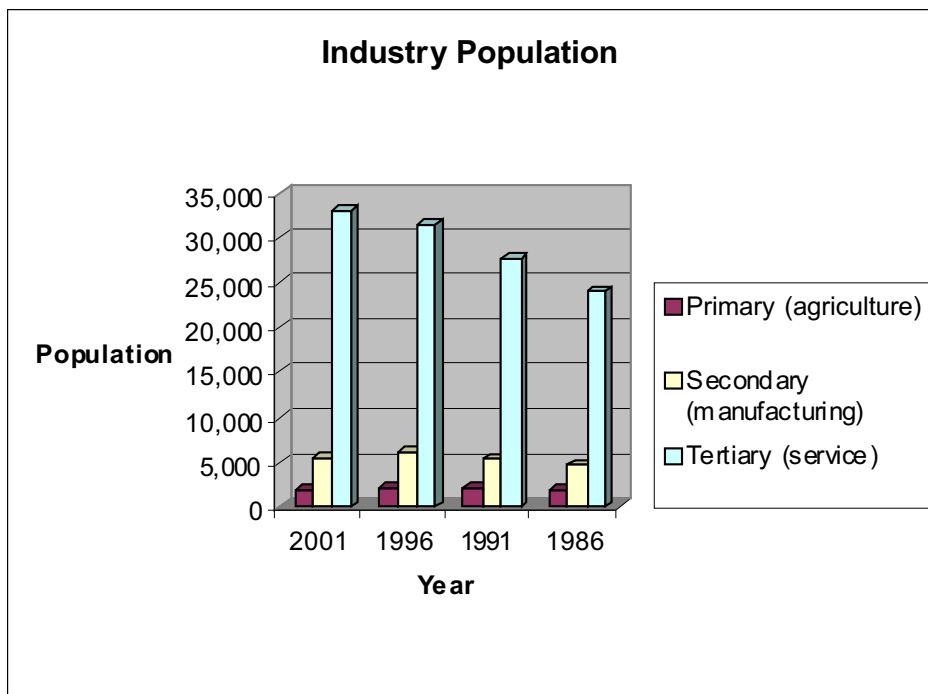
The number of people in Kamloops employed in agriculture and other resource based industries (Primary) totals 2,195. Those employed in manufacturing and construction industries (Secondary) numbered 6,175 and persons in service industries (Tertiary) numbered 31,460 (Statistics Canada, 2004a).

According to the 2001 Census data, more people in Kamloops were employed in the service sector than in any other. The top three service industries are: Business, Personal, Communications, and Healthcare (44.8% of workers; 14,905), Retail Trade (18.3% of workers; 6,080), and Accommodation & Food Services (11% of workers; 3,660). These industries plus manufacturing employ the highest number of people in the Kamloops (Venture Kamloops, 2004).

Reviewing the change in industry between 1986 and 2001, the Primary and Secondary industry has remained relatively stable since 1986 while the Tertiary industry has risen steadily (Venture Kamloops, 2004).

Peterborough's Secondary industry sector has experienced a significant shift between 1986 and 2001. In 1986, the Secondary sector comprised of 27.7% of the total population by 2001 this sector only comprised of 18.7% of the total population whereas Kamloops saw only a moderate increase in the Secondary sector between 1991 and 1996. Peterborough and Kamloops have both experienced steady increase in their Tertiary sectors (Statistics Canada, 2004a).

Figure 2.2: Industry Population in Kamloops (1986-2001)



Minimum Wages and the Low Income Cut-Off

The provincial government mandates the minimum wage rates for each province. British Columbia's current minimum rate of pay is \$8.00 an hour and it has remained at this rate since 2001. In 1987, the minimum wage for workers was \$4.00 an hour. Through incremental increases of .25 and .50 the rate in 1990 had increased to \$5.00 an hour. Once again through incremental increases of 50 cents the rate had increased to \$7.00 an hour by 1995. The current rate of \$8.00 an hour was reached in 2001. This was achieved by raising the minimum wage rate in 1998 to \$7.15, in 2000 to \$7.60 and in 2001 to \$8.00 (Ministry of Labour, 2003).

In 2001, the Ontario minimum wage (\$6.85) was well below that of British Columbia (\$8.00). By 2004, the minimum wage rate in Peterborough has risen to \$7.15 (Ministry of Labour, 2003).

Figure 2.3: B.C. Minimum Wage (1986-2001)

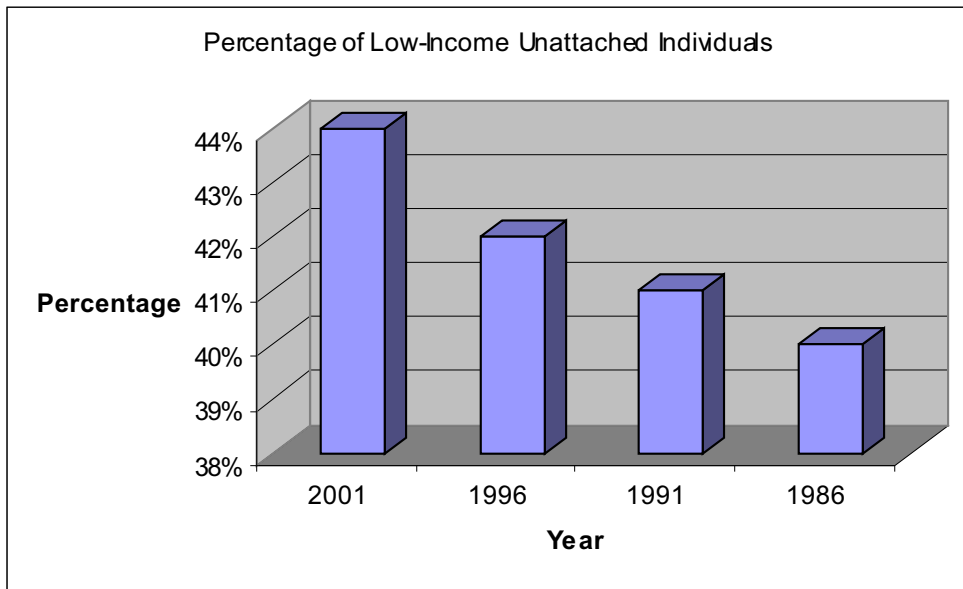


Low-Income Unattached Individuals

The following graph indicates the percentage of unattached individuals who are living at the low income level or below as compared to all unattached individuals in Kamloops.

The percentage of low income unattached individuals has steadily risen from 40% to 44% in the past 5 years. This indicates these low income unattached individuals need to be considered when calculating a living wage (Statistics Canada 2004f).

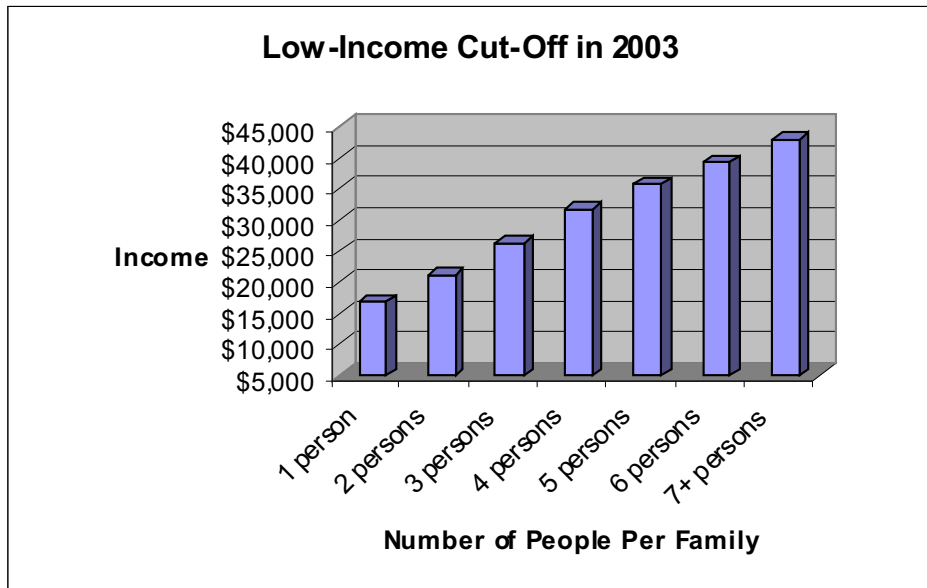
Figure 2.4: Percentage of Low-Income Unattached Individuals in Kamloops



Low-Income Cut-Off

The Statistics Canada Low Income Cut-off (LICO) for the year 2000, for a City with a population between 30,000 and 99,999 such as Kamloops, is shown below (Statistics Canada, 2004e). This graph demonstrates that when the number of people per family increases so does the LICO level. This indicates the LICO should be calculated according to the number of people in the family (Canadian Council on Social Development, 2004).

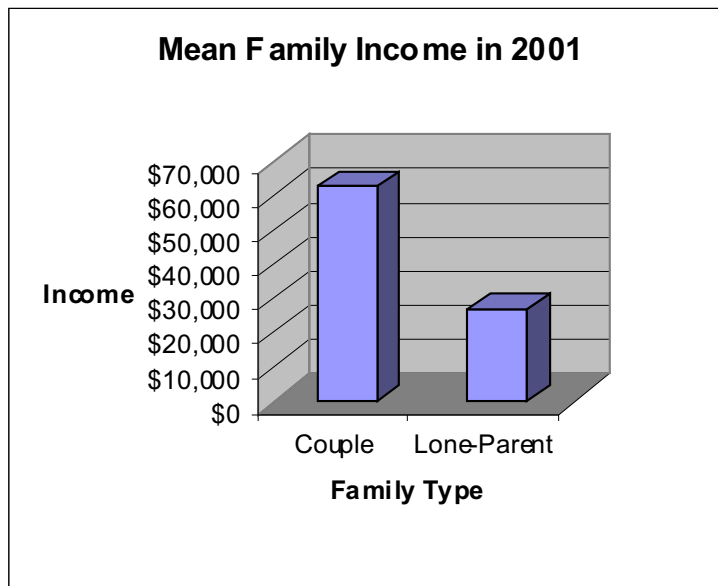
Figure 2.5: Low Income Cut-Off: Communities of 30,000 to 99,999 (2003)



Mean Family Income

The mean family income for a two parent family is \$62,643, while the mean income for a lone parent family is \$26,643 (Statistics Canada, 2004c).

Figure 2.6: Mean Family Income for Couple and Lone Parent Families in Kamloops



Percentage of Low Income Cut-off Families

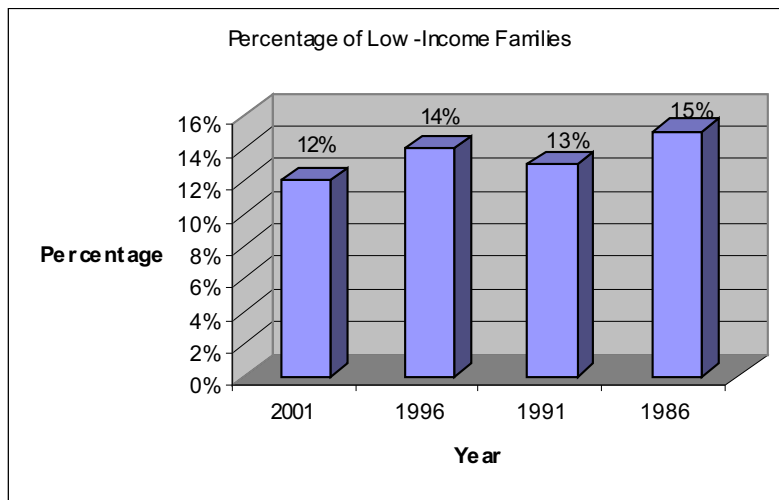
Kamloops:

The percentage of families identified as “low income cut-off families” increased from 1986 (12%) to 1991 (14%). This dropped by 1% in 1996 indicating 13% of total families were living under the “low income cut-off”. The 2001 Census reflects the percentage of families living under the “low income cut-off” has risen to 15% in Kamloops. (Statistics Canada, 2004c).

Peterborough:

The percentage of families identified as “low income cut-off families” in 1986 was 11.5% this very similar to Kamloops (12%). In 1996 the percentage “low income cut-off” families increased to 16.5% while Kamloops showed only a one percent increase to (13%). In 2001 the percentage of “low income families” in Peterborough decreased to 13.1% while in Kamloops it rose to 15% (Statistics Canada, 2004c).

Figure 2.7: Percentage of Low Income Cut-Off Families in Kamloops



Union Density

The density of unions in B.C. has dropped significantly in the last 30 years. In the early 1980's approximately seventy-five percent of workers were unionized. The decline in unionization was gradual till 1986 when the Social Credit government broke the

construction union. At this time unionization dropped drastically. The building of Expo brought the issue of unionization to the forefront. The large publicly funded project was contracted out to both unionized and non unionized trade workers. Stipulations in the unionized contract stated trade workers could only complete work on sites where all work was done by unionized employees. During the building of 'Expo' a number of tenders were granted to both union and non unionized employers. Due to the large monetary value of the project unionized trade workers were forced to change their collective agreement and complete projects with non-unionized workers. The current unionization rate in B.C. is approximately 15% (Anonymous C, 2004).

Description of Policy

B.C. Skills Development and Fair Wage Act

The B.C. Fair Wage Act was a provincial policy that also included skills development, titled the Skills Development and Fair Wage Act (SDFWA). Effective August 20, 1993 this Act was expanded to apply to all provincial government, Crown Corporation and provincially-funded agency construction projects that had a pre-tender estimate of \$250,000 or more. The policy required all trades people working under such contracts to have certain trade qualifications and receive specified, minimum financial compensation. The Skills Development and Fair Wage Act, R.S.B.C. c.427 (SDFWA) and the Skills Development and Fair Wage Regulation, B.C. Reg. 296/94 (SDFWR) came into force on September 1, 1994. Specifically, the Act required that every construction contract made with B.C. contain provisions obliging contractors to pay fair wages and benefits along with observing provincial hours of work and overtime standards. Fair wage schedules were set by adopting 90% of provincial construction wage rates where such exist and establishing fair wage schedules where there are none (Employment Standards Branch, 1999).

A contractor or subcontractor was responsible for determining if the SDFWA applies to a project before submitting a bid. Other obligations included: paying wages and benefits which must not be less than the amount paid for the trade according to the Schedules in the SDFWA; keeping payroll records, including wage statements with wage rate, overtime, benefits and deductions; keeping and posting a copy of the appropriate fair wage schedule in a prominent location at each job site covered by the Act for the

duration of the project and ensuring subcontractors full-fill the requirements of the Act (Employment Standards Branch, 1999).

Contractors were required to include in the contract a provision that allowed the contractor to withhold money or terminate the contract if the subcontractor was not complying with the SDFWA. If a subcontractor chose to further subcontract some or all of the work to another party, the subcontractor must make similar contractual arrangements with those other parties. In other words, the SDFWA applied to all employers and employees working on the project regardless of who was doing the work (Employment Standards Branch, 1999).

The Skills Development portion of the Fair Wage Act also included a number of employer obligations including; employing accredited tradespersons and properly registered apprentices; keeping a record of the employee's trade and a certificate of apprenticeship or level of apprenticeship for one year in a B.C. place of business; ensuring the journeyperson/apprentice ratios is no greater than 1:1 and ensuring all apprentices and journeypersons were registered with the Industry Training and Apprenticeship Commission (Employment Standards Branch, 1999).

Employees Covered

Construction workers, trades people, ship builders & apprentices working towards their ticket were covered by the SDFWA when employed on publicly funded construction projects with a pre-tendered value of \$250,000 or more were covered by the policy. This includes building, ship building, and highway and bridge construction but excludes social or student housing projects and highway maintenance. Fair Wage Minimum Rates payable to all workers were outlined on a Schedule. If a trade classification was not listed in the schedule, compensation would be equal to or greater than the rates outlined for the 'Labourer/Helper' rate. Rates paid to equipment owner operators were those outlined in the Equipment Rental Rate Guide (Employment Standards Branch, 1999).

Apprentices received hourly wage rates based on a percentage of the trade rate plus benefits that equalled the value of \$4.00 an hour regardless of their apprenticeship level. Part of the \$4.00 an hour benefits paid is vacation pay and statutory holiday pay

mandated by the Employment Standards Branch. But it could also include sick leave, construction industry trust funds (to a maximum total of \$1.00 per hour), medical premiums, group life insurance, dental insurance, extended health benefits, long term disability insurance, and employer contributions to pension plans other than the Canadian Pension Plan. What could not be included in benefits paid were, employer contributions for Employment Insurance, Canada Pension and Workers' Compensation, allowances for dirty pay, danger pay, first aid pay, shift differentials, overtime, standby, call-out, travel allowances (including use of an employers vehicle), room and board allowances, or other allowances provided to a worker. Further if benefits exceeded a total value of \$4.00 an hour, the employer could not deduct the excess amount from the minimum fair wage payable. Although wage rates varied, the benefit rate was fixed at \$4.00 an hour and benefits could be paid as cash in lieu to the employee and all records should clearly identify this in the payroll records (Employment Standards Branch, 1999).

The rates are in accordance with rates established in these trades in the province under the authority of the Industry Training and Apprenticeship Act (Government of Canada Fair Wage Schedule-Apprentice Table). Depending on the apprentice's level, the wages generally ranged from 50% to 90% of a journeyperson's rate. An employee's work that falls under more than one occupational classification was to be paid at the higher wage if they worked more than 4 hours at the higher wage classification. Employees' paid on a piece-rate basis were to be paid an amount equal to or greater than the fair wage rate for all hours worked by that employee including overtime provisions. Overtime rates of pay are determined by an employee's base rate; 1.5 times the regular wage for the time over 8 hours and double the employees' regular wage for any time over 11 hours. An employee who worked over 40 hours a week receives 1.5 times the rate of pay and double for any work over 48 hours (Employment Standards Branch, 1999).

Due to departmental reorganization on September 15, 1993, the Fair Wage and Skills Development Policy became the responsibility of the new Ministry of Skills, Training and Labour (Anonymous C, 2004). The SDFWA incorporates the provisions of the Employment Standards Act (ESA) regarding collection, complaint and appeal procedures. Monitoring was carried out primarily through site inspections and reviews of payroll records. The enforcement team also monitored contractual agreements between tendering agencies and contractors relating to the SDFWA and, if conditions were

breached, staff could require that a tendering agency withhold monies or terminate a contract (Employment Standards Branch, 1999).

Inspecting contracts of every publicly funded project with a pre-tendered value of \$250,000 or more prior to construction became mandatory with the development of the compliance team. The compliance officers were empowered by the SDFWA to enter into any premise where records were kept and inspect and remove relevant records. The compliance team developed tickets for violations of the SDFWA similar to tickets police issue for traffic offences. Offences were called a “determination” and the formality made the offences enforceable in court. Prior to compliance team enforcement, if an employer was paying hundreds of thousands of dollars in wages, paying \$500 for a failure to produce records was a penalty they were willing to assume (Anonymous C, 2004). In addition to contractual obligations enforced by the compliance team, the contract officer had the authority to withhold money or terminate the contract if the contractor was not complying with the SDFWA (Anonymous B, 2004).

Purpose of the Fair Wage Policy

One purpose of the policy was to improve quality of workmanship. The most recent Fair Wage Act (1993) was implemented following the poor building of condo units. Fair wage employees were considered more professional and skilled. Thus there was a desire to establish trade qualifications to ensure there was quality of workmanship on projects (Anonymous B, 2004). This desire is reflected in the implementation of the Skills Development component of the Fair Wage Act.

A second purpose of the policy was to ensure all employees of publicly funded projects received a fair wage. The wage rates provided through the implementation of the SDFWA were realistic for the general industry at that time. The bidding process becomes competitive and wages can be cut to reduced bidding price but there was public money that was involved here, not private transactions and the provincial government was obliged to pay a fair wage (Anonymous B, 2004).

Kamloops Context

The provincially mandated SDFWA ensured the City of Kamloops include in their tendering process Fair Wage Policies. The SDFWA required the City of Kamloops pay fair wages to all employees of municipal and provincial construction projects over the pre-tendered value of \$250,000 (Anonymous D, 2004).

History

British Columbia originally enacted a fair wage law in 1900 as an amendment to the Municipal Clause Act requiring that the prevailing wage rate be paid for each trade within the municipality. The Fair Wages and Hours of Labour Act came into force in the late 1930's. The purpose of the Act was to ensure that construction workers employed on federal construction sites were paid a fair wage and treated fairly (Openmind, 1995). The legislation was changed to the 'Public Works and Fair Wage Conditions of Employment Act' in 1951. In 1973 it was changed to the 'Public Works Fair employment Act' which specified only contractors of unionized employers could bid on public works projects (Government of Canada, 1997).

In 1976 the policy changed to the 'Public Construction and Fair Wage Act' with wages being determined by the director of Employment Standards. Wages in this Act were based on regional wage rates (Anonymous C, 2004). In 1992 the NDP campaigned with the promise of enacting a Fair Wage Act. One view was to ensure greater participation of employees with trade qualifications. It was the beginning of "the leaky Condo" scandal and there was a lot of pressure on quality of workmanship (Anonymous B, 2004). The NDP government voted into power in 1992 was closely aligned with unions. At this time the Liberal party was the oppositional party and they continually challenged the relevance and effectiveness of the SDFWA. Once the Liberal party came into power in 2001 as part of their campaign promise the SDFWA was rescinded (Anonymous B, 2004).

Key Change in Legislation

The change to regional wage rates is significant, since prior to this time wage rates were determined within each municipality. Therefore a City worker with higher costs of living would receive a wage based on these increased costs. This change to a regional wage rate was still in effect in 1993 when the SDFWA was implemented. The addition of

skills development to the Fair Wage policy was also significant because the Fair Wage Act alone had no legislative basis but with the Skills development component the ability for implementation was valid. The Fair Wage Act of 1993 was legally challenged and the Attorney General of B.C. deemed the policy as having no legislative basis. As a result of the challenge there was additional legislation brought in. In 1994 the Act was changed to the Skills Development and Fair Wage Act, it included benefit rates and base wage rate pay schedules for trades people (Anonymous B, 2004).

Kamloops Context

Through the tendering process the city of Kamloops is required to apply the SDFWA to projects over the pre-tendered value of \$250,000. The SDFWA had specific wording that required the city to ensure a Fair Wage was being paid to employees hired for the project. The SDFWA was implemented in 1993 and along with the entire province this specific policy was rescinded 2001 (Anonymous D, 2004).

Policy Outcomes

A project financed by the Government of Canada's Labour-Management Partnership Program investigated implications of the SDFWA in British Columbia. The research is titled, "The Impact of Skills Development and Fair Wage Policy on Construction Costs in British Columbia: An Empirical Analysis of Some Key Issues" (Government of Canada, 1997). The researchers conducted an empirical analysis of some of the key issues associated with the 1992 SDFWA. This research refers to the SDFWA in all forms including the legislation, law, act or policy. Increased construction costs due to the implementation the fair wage law is the first area of discussion in this research paper. This was investigated by researcher Mark Prus, in light of the fact that it had been a hotly debated issue with relatively little concrete empirical evidence. The researcher concluded the SDFW policy has not had any measurable effect on total construction costs (Government of Canada, 1997).

The effects of the SDFWA on bidding processes and final costs of construction were other controversial issues among unionized and non-unionized companies. Researcher Cihan Bilginsoy concentrated efforts on determining the impact of SDFWA on the bidding process for construction projects and found there was no difference between pre and post SDFWA bid prices and final costs of construction. Further, the number and amount of change orders (final costs exceeding the bid price) declined after the

implementation of the SDFWA. This research indicates the SDFWA creates some unexpected cost saving measures in the form of fewer cost over runs. (Government of Canada, 1997).

An unexpected policy outcome was the ineffectiveness of the Fair Wage Policy in raising union membership. It was expected that everyone requiring a fair wage would join the Union and records of people covered by the policy indicate few joined the unions (Anonymous C, 2004). Employees could not see the point in joining a union if their wages are raised through legislation. One interviewee explained the unions expected an increase in membership with the implementation of the Fair Wage Act, but instead most workers were content with their wages and did not want to pay union fees (Anonymous C, 2004). A further unexpected policy outcome was the effectiveness of the Skills Development portion of the Fair Wage Act. One interviewee's opinion was "The Skills Development portion of the SDFWA was much better in the long term than the Fair Wage policy. As a result 1,000 or more received their trade's ticket" (Anonymous C, 2004).

The SDFWA produced some unintended problems. Trades people working without qualifications were the most affected since they were not qualified in their trade and were forced to complete requirements within a period of one year. Further the provincial apprenticeship board had difficulty in providing Trade Qualifications in a timely manner and granting apprenticeship approvals (Anonymous C, 2004). The policy was found to be ineffective without enforcement. As a result a team of enforcement officers were hired to review the tendering process and ensure compliance through on site visits. As well early enforcement of the SDFWA was complicated with the problem of subcontractors bidding on a job without realizing they were required to pay a fair wage (Anonymous B, 2004). Another unintended problem was the concerns and issues around boundaries of construction or providing materials, for example hauling gravel (Anonymous B, 2004). There were also issues in calculating piece rates and occupations related to construction. For example on site job security was considered a job related to construction and therefore fell into the Fair Wage policy. Additionally the policy did not account for regional variations, as the wage rates were set at a provincial level, meaning large cities and smaller cities all adhered to the same wage schedules (Anonymous B, 2004).

The Fair Wage policy implemented in B.C. was a hotly debated topic and non unionized companies felt increasing pressure, because if they were paying their employees fair wages on some jobs they were pressured to pay that same rate on all jobs (Anonymous C, 2004). The independent business contractors were the most negatively affected by the Fair wage policy and this sentiment is clearly discussed by Phil Hochstein the Vice President of the Independent Contractors & Business Association (Openmind, 1995). The non-unionized contractors insisted the public was being penalized because they were paying for the increased contracting costs. The non-union contractors were in the position of paying a great deal more and were required to have their employees formally qualified in a trade. They saw these factors as impeding their ability to compete in the construction market place (Anonymous B, 2004). The greater public was seen as benefiting from the Act because this policy ensured greater quality of work and improved health and safety on job sites, but the independent contractors association disputes this fact and contends quality of workmanship is achieved through the tendering process (Anonymous B, 2004).

The Liberal government opposed the SDFWA and reasoned that it negatively impacted employment in the construction industry because it inflated the cost of public construction. There was a trade-off between labour and capital costs. If your labour costs are going up, contractors will more likely use cost saving measures such as less labour resulting in more capital intensive ways of doing the jobs, such as bringing in heavy equipment and reducing labourers. The result is there are fewer jobs available (Anonymous C, 2004).

Kamloops Context

The B.C. fair wage policy enacted in Kamloops had very little impact because there was a tendering process in place already. In essence the city felt the tendering process was a safeguard because contractors must ensure their employees are bondable, the employer must meet Workers Compensations Board Standards and have sufficient insurance in place. The City felt an employer must have to pay a high wage in order to have their employees work at this level. This meant the SDFWA was unnecessary (Anonymous D, 2004).

The City also found the SDFWA was complex to administer and it had a limited scope of coverage because Kamloops is a small city and it has a small Secondary industry, both similar to Peterborough. Because of the fact that Peterborough is similar to Kamloops in both industry and population Peterborough may also find their existing Fair Wage policy has limited scope of coverage. Applying the requirements of the SDFWA was also found to be costly and time consuming by the city. Peterborough may have similar experiences (Anonymous D, 2004).

iii. Peterborough, Ontario

Introduction

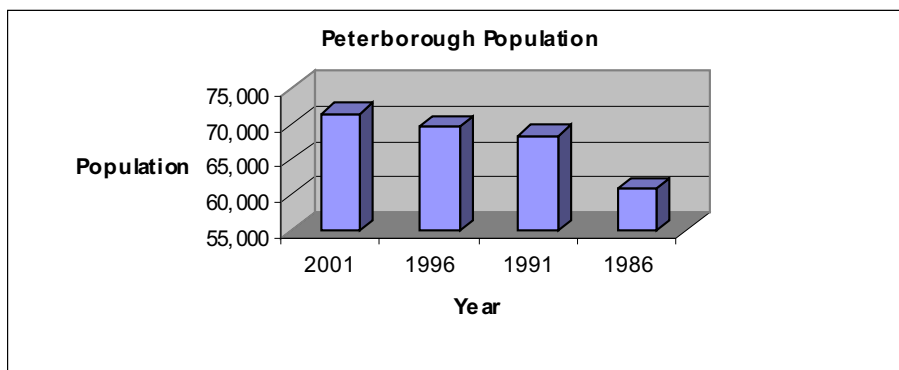
The City of Peterborough has a By-Law in place called “A By-Law to Establish a Fair Minimum Wage,” which is based on a rate determined in a collective bargaining agreement between the City of Peterborough and Local 504, Canadian Union of Public Employees (The Corporation of the City of Peterborough, 1963 & 1987). The details of this policy, as well as its implications will be considered further in this report.

City Profile

Population and Employment by Industry

In 2001, The City of Peterborough had a population of 71,441 (Statistics Canada, 2004a). This was an increase from 61,049 in 1986, to 68,379 in 1991, and 69,535 in 1996 (Statistics Canada, 2004b, 2004c).

Figure 3.1: Peterborough Population (1986-2001)

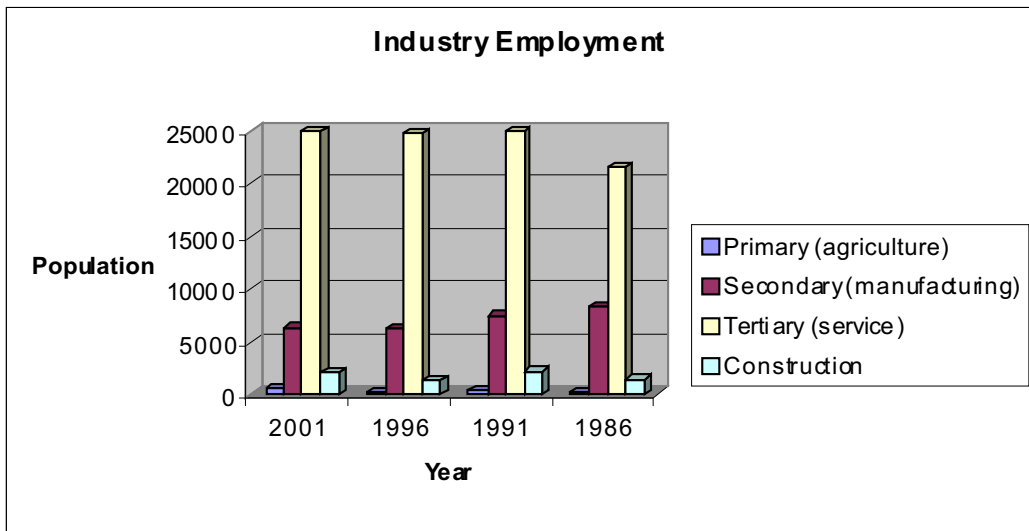


In the 2001 Census, the number of employed people in Peterborough was 33,805. By far, the major industry in Peterborough is the Tertiary sector consisting of services. At the time of the 2001 Census, this population was 26,920. The second largest industry is the Secondary sector consisting of manufacturing and construction, with a population of 6,315. Finally, with the smallest population of 565, is the Primary sector, consisting of agriculture and resource extraction (Statistics Canada, 2004a). See Figure 3.2 for a graphical representation of this information.

The total number of employed people in Peterborough rose slightly since 1986. At that time, the total was 30,125, which increased to 33,075 by 1991 (Statistics Canada, 2004c). However, at the time of the 1996 Census, the total had decreased to 31,230 (Statistics Canada, 2004b). Correspondingly, the populations of each industrial sector declined.

Primary industry, which is comprised of agriculture and resource extraction, frequently has the smallest population. In 1986, the population was 210, increasing to 350 by 1991 (Statistics Canada, 2004c). In 1996, a decrease to 210 reflects the overall decrease in employment population (Statistics Canada, 2004b). Secondary industry, with a population of 8,350 in the 1986 Census, declined to 6,225 by 1996 (Statistics Canada, 2004b). During the 1986 Census, the population of Tertiary industry in the City of Peterborough was 21,565. By the 1996 Census, this had dropped to 24,790, in correspondence with the overall decrease in employment (Statistics Canada, 2004b). Perhaps the most significant shift in industry employment from 1986 to 2001 was the decrease in Secondary and increase in Tertiary sectors. In 1986, the Secondary sector comprised 27.7 % of the total employed population. In 2001, this sector only comprised 18.7 % of the total employed population. The Tertiary sector comprised 71.6 % in 1986, and this has increased to 79.6 % by 2001 (Statistics Canada, 2004a, 2004b, 2004c).

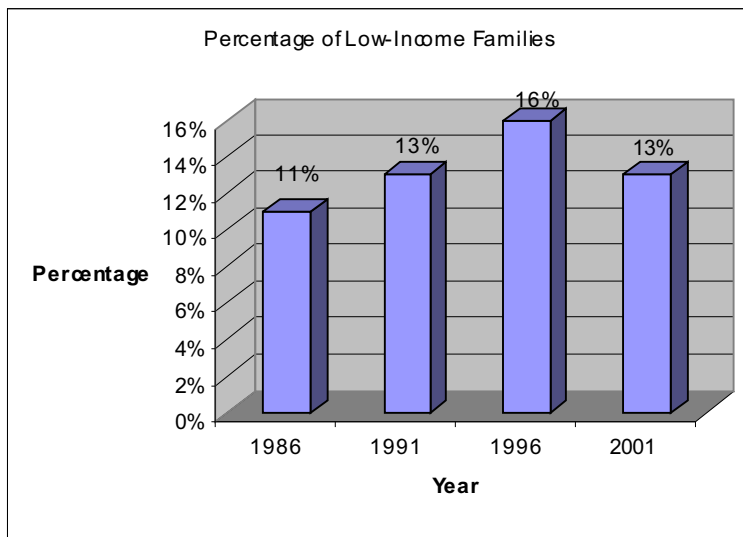
Figure 3.2: Industry Population in Peterborough (1986-2001)



Minimum Wages and the Low Income Cut-Off

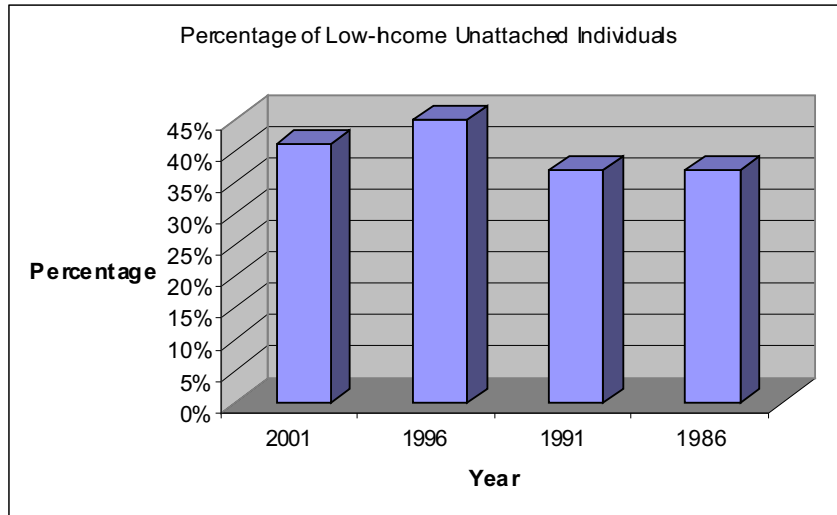
Ontario's general minimum wage has remained \$6.85/hour from January 1995 to February 2004 (Ministry of Labour, 2003). This nine-year period was brought to an end with an increase in the general minimum wage to \$7.15 in February 2004. In 1991, the general minimum wage was \$6.00 (CanadaOne, 2004), while in 1986, it was \$4.35 (Akyeampong, 1989). Over this time period, the number of families that Statistics Canada identifies as living below the low income cut-off has increased in proportion to the number of families in Peterborough with the exception of the 2001 Census. In 1986, there were 1,960 families that fit this designation and made up 11.5 % of the total families in Peterborough. The 1996 Census reflects the drop in the employed population with a rise to 3,165 low income cut-off families, which was an increase to 16.5 % of the total families in Peterborough. However, in the 2001 Census, this number of families decreased to 2,595, bringing the percentage of the total back down to 13.1% of the total number of families (Statistics Canada, 2004c).

Figure 3.3: Percentage of Low Income Cut-Off Families in Peterborough



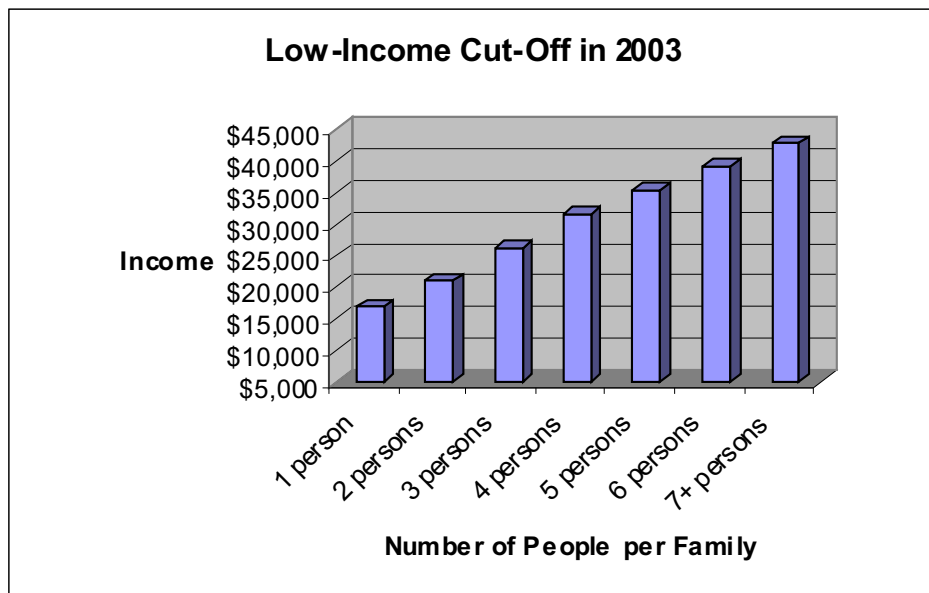
In the 1986 Census, the percentage of unattached individuals living below the Low Income Cut-Off in proportion to total unattached individuals in the City of Peterborough was 37.4%. By the 2001 Census, this percentage increased slightly to 40.7%.

Figure 3.4: Percentage of Low-Income Unattached Individuals in Peterborough



The Statistics Canada Low Income Cut-off for the year 2000, for a city with a population between 30,000 and 99,999 such as Peterborough, is shown below (Statistics Canada, 2004e.)

Figure 3.5: Low Income Cut-Off: Communities of 30,000 to 99,999 (2003)



Description of Policy

Peterborough's Fair Minimum Wage

The fair wage policy existing in Peterborough at this time is “A By-Law To Establish A Fair Minimum Wage,” By-Law Number 1987-96. This By-Law amounts to an agreement between the Corporation of the City of Peterborough and Local 504, Canadian Union of Public Employees. The By-Law states that non-skilled workers employed by any contractor (or subcontractor) contracted by the City of Peterborough must be paid no less than the “temporary labour rate” determined in the collective bargaining agreement between the City and Local 504, CUPE. This also requires contractors and subcontractors to extend benefits to non-skilled workers benefits outlined in this collective bargaining agreement such as “hours of work and overtime, vacations with pay and statutory holidays” (The Corporation of the City of Peterborough, 1963 & 1987). This applies specifically to construction and demolition contracts, and must be respected by both contractors, and any subcontractors (The Corporation of the City of Peterborough, 1963 & 1987). The amount guaranteed by the By-Law is based on an amount specified in a collective bargaining agreement between Local 504, CUPE and the City, and is therefore not static (Anonymous E & F, 2004) with the exception of a period when the provincial government froze wage increases (Anonymous F, 2004). The value of the temporary labour rate is negotiated between the City and Local 504, CUPE, and ratified and approved by City Council (Anonymous E, 2004). In 2001, this amount was \$13.16/Hour. This is the lowest wage negotiated in the collective agreement and it applies to employees who do manual labour and do not operate vehicles. This wage rate is adjusted with an increase of 2-3% annually. This same amount is guaranteed for non-skilled workers who may be hired by contractors (Anonymous F, 2004.)

This By-Law is enacted through any “Request for Quote” that the City of Peterborough releases for construction or demolition work. Within each Request for Quote is a section entitled “Minimum Wages” which alerts the prospective contractor to the existence of a By-Law and reiterates the conditions of it. The contractor must provide proof that the provisions of the By-Law have been followed, otherwise, they will not be entitled to payment (The Corporation of the City of Peterborough, no date).

A probable motivation for the creation of this By-Law is that the union was concerned

that the City or contractors hired by the City would use non-unionized labour because it was cheaper than unionized labour (Anonymous F, 2004). By ensuring that all workers are required to be paid the same amount, it works to benefit the non-unionized, non-skilled workers through higher wages, in addition to removing the disadvantage that unionized workers would encounter if no such By-Law existed.

Workers Affected by the Policy

It's difficult to estimate the number of people affected by the By-Law. The proportion of the construction and demolition sector in relation to the overall population of the Secondary sector can be viewed in Figure 3.2. Statistics Canada showed that in 1986, 1,450 of the 8,350 people in the Secondary sector worked in the construction industry. By 2001, the total population of the Secondary sector had increased slightly from 1996 to 6,315, while the construction portion climbed to 2,070 (Statistics Canada, 2004d). It is important to bear in mind that not all workers employed in the construction industry reside in the City of Peterborough. Further, it is also necessary to bear in mind that not all are employed on City contracts.

History

This By-Law was initially established on August 27, 1963, between “general contractors in the City of Peterborough and Local 597 International Hod Carriers Building and Common Labourer's Union of America” (The Corporation of the City of Peterborough, 1963). Since this time, there has only been one amendment, By-Law Number 1987-96. On June 1, 1987, the By-Law was changed so that it became an agreement with Local 504, Canadian Union of Public Employees, rather than Local 597 International Hod Carriers Building and Common Labourer's Union of America (The Corporation of the City of Peterborough, 1987). The 1987 amendment also changed the wording from “wage scale” to “temporary labour rate” (The Corporation of the City of Peterborough, 1987). This was most likely intended to identify a specific wage rate identified in the collective bargaining agreement (Anonymous F, 2004).

Policy Outcomes

Due to the longevity of this By-Law, it may be reasonable to suggest that it has been somewhat effective within its own realm. However, since the By-Law is linked to collective bargaining agreements with Local 504, CUPE, it could also be inferred that once something is in the agreement, it would be difficult for the City to negotiate its removal.

A contact interviewed did not identify any difficulties with enforcement of the By-Law. Nor were they aware of any incidents of failure to abide by the By-Law (Anonymous E, 2004).

4.0 Implications for Peterborough

The implications listed below are derived from the findings of the literature review, the case studies, and the focus group. The findings of the case studies were analysed in order to consider the potential barriers and opportunities to living wages in a Peterborough context. The focus group was also useful in considering how these barriers and opportunities may present themselves in Peterborough. While the focus group participants would not claim to know all of the implications or realities that affect a living wage policy, they were able to flag issues, both barriers and opportunities, which could lead to further investigation and consideration in developing a local model. In this way, the focus group was able to suggest further areas to explore.

Barriers

Union Support and Opposition

One of the main differences between fair wages and living wages is found in their purpose. Fair wages are primarily enacted in order to serve the interests of unionized workers. In BC, the NDP government introduced the Act in order to increase union membership (Anonymous B, 2004) and in all three profiled communities, the intention of the policies was also to decrease competition between unions and non-unions. By paying a fair wage to all employees of a particular industry, union workers couldn't be undercut by cheaper, lower paid workers. Again, this is one of the primary intentions of fair wages.

Living wages, as already discussed in the literature review, have a very different focus. They have a broader anti-poverty objective and also are intended to benefit the community through increased social development and by improving the health and wellbeing of community members. While fair wages may also have the intention of benefiting the community (for example, the fair wage policy in BC was aligned with a Skills Development Act in order to increase the quality of workmanship,) they deviate from living wages in that they are explicitly aligned with the interests of unions and are based on union rates.

Existing literature suggests that there are many reasons for unions to be supportive of living wages, but there are also reasons why unions may oppose a living wage initiative. It is possible to look at the way that unions reacted to fair wage policies to gauge how they might react to living wage policies. For example, the British Columbia case study identified the fact that unions were initially supportive of the fair wage. They believed that fair wages would increase union membership by raising wage standards and furthermore, unionized labour could not be undercut by non-unionized workers. However, fair wages actually decreased support for unions, since employees found that they could earn high wages without having to pay union dues. Living wages may provoke a similar response; these policies may also lead employees to wonder what the point is in joining a union if their wages are raised through legislation. Although living wage activist research conducted in the U.S. suggests that unions may support and align themselves with living wage campaigns, there lies a possibility that unions may fear that living wages would cause their membership to decline.

One counter argument here is that living wages may be significantly less than union rates and may not have a detrimental impact on union recruitment, since they can still serve to raise wages even higher.

One of the focus group participants mentioned that Peterborough was a traditionally labour-oriented City with a high density of unions but has recently experienced a shift in union-density. They concluded that unions will likely be an important partner in the living wage movement. After conducting an interview several days after the focus group, the research team confirmed that unions have indeed decreased in Peterborough (Anonymous F). Unions may have some concerns with living wages; namely that they might undermine the union wage rate in addition to union membership.

Opposition from Business

As was discussed in the British Columbia case study, non-union contractors were the main source of opposition to the fair wage policy. Because they would be forced to pay higher wages to their non-unionized employees, they would be faced with higher costs. Some non-union contractors also argued that this would negatively affect the public who would subsequently be forced to pay higher prices for their services.

This example highlights the fact that were living wages to be implemented in Peterborough, local businesses may be concerned that they would have to pay increased wages to their employees.

There may be concerns, it was argued, among both the government and the private sector, that living wages could be costly and could drive up the price of labour and then increase the cost of everything else. The focus group reasoned that the wage needs to be affordable and there needs to be a significant return on the investment.

One of the participants mentioned that certain businesses may be proud of the fact that they employ people that are poor or have previously been on welfare. These employers may feel that by paying them \$9-\$10 an hour they are doing these people a service, since the job is better than living on welfare and is better than minimum wage. However, the participants thought it important to reiterate that \$9-\$10 an hour is not a living wage and cannot necessarily cover the cost of living.

Enforcement

In both Toronto and British Columbia, problems with compliance led to increased enforcement. Both cities began with a complaint-driven enforcement policy but they were soon-after expanded upon. British Columbia modified their enforcement procedure to include an Employment Standards Branch in which a compliance team monitored sub/contractors' compliance with the act. Violators of the policy were then ticketed by a compliance team. In addition, every contract was inspected by this team. In Toronto, the enforcement policy was modified in 2002 where more attention was placed on preventing non-compliance and increasing monitoring of compliance. They implemented a registry of non-compliance companies, regular audits and compliance evaluation reports, developed performance indicators, and ensured that sufficient staff training was always supplied. It is possible then that living wage policies would require similar enforcement tactics or at least enforcement programs that are more stringent than complaint-driven ones. The problem here is that they cost money. The above strategies, as effective as they might be, are also likely expensive, and they are costs the government and businesses may be unwilling to pay. It would be necessary then to

investigate the ways in which governments can quickly receive a return on their investment.

The focus group participants discussed the need for an effective enforcement program in Peterborough. The participants thought creatively about what kinds of enforcement policies would be most effective. They discussed the possibility of implementing a rewards-based system as opposed to a penalty-based one, since a policy that offered incentives based on compliance may be most effective. This would allow employers to receive benefits from the government only after proving that they are paying their employees the proper wage. In addition, it was suggested that there could be an enforcement Council that is separate from the City and the private sector in order to offer a non-biased, effective enforcement program. They also noted that there may need to be a system in place to protect employees and prevent employers from taking punitive measures against employees who might report non-compliance.

Opportunities

Industrial Structure

The tertiary sector accounts for most of the employment in each sector of the three communities profiled. While the secondary industry, which includes manufacturing and construction work, consists of 18.7% of jobs in Canada, the tertiary industry, comprised of service jobs, actually encompasses 79.6 % of all jobs in Canada (Statistics Canada, 2004a, 2004b, 2004c). Fair wage policies often apply to construction workers but fail to cover employees in the service sector. For example, in British Columbia, the fair wage agreement only applied to construction workers, trades people and ship builders and their apprentices. Peterborough's By-Law covers non-skilled workers employed by a contractor/subcontractor in construction or demolition jobs. Considering the small amount of jobs in construction compared to the services sector, fair wage policies leave the vast majority of workers vulnerable. There is an opportunity to expand coverage to the service industries through a living wage policy.

The focus group participants discussed why it is important that the tertiary sector be covered by living wages. For example, they suggested that many training subsidies that are attached to fair wage initiatives apply to manual jobs that already pay high wages.

This means that there are opportunities to implement training subsidies into the tertiary sector and industries which are not already covered by fair wages.

Low Income Cut-Offs

Canada's Low Income Cut-Off indicates that a four person family in a City the size of Peterborough needs \$31,731 to live above poverty. Assuming this family has only one full-time earner, that individual would need \$15.26 an hour if they were working an average 40-hour work week with 8 hour days, 52 weeks a year, to live above the cut-off point. We could take this number as a sample living wage for Peterborough.

While raising fair wages slightly to meet living wage standards might be manageable, mandating \$15 from non-unionized, small business employers would be a considerable challenge. There are some options to lower the wage however. The living wage rate could be based on a three-person, single-parent family (Cameron, 2003).

While these examples present the living wage as a wage floor that is static, it does not always have to be the case. The wage rate could, theoretically, depend on the number of dependents a person has.

Another possibility is to raise the wage in increments. Like fair wages, which may be raised 2-3% annually (based on the Peterborough and Toronto examples,) the living wage could slowly be raised and adjusted for inflation on an annual basis. If the wage rate were tied to the LICO, it would fluctuate accordingly.

Political Climate

It is possible to look at the British Columbia example of political impact on the development of the fair wage policy in order to consider how the political environment may help or hinder the development of living wage policies.

The political climate had a significant impact on the implementation and removal of the fair wage policy in British Columbia. As was described in this case study, the NDP government came into power in 1992. It is notable that one of their campaign promises was to enact the fair wage policy. The Act was revoked once the Liberal government was elected in 2001, following up on a campaign promise to remove the act.

Based on the above example, it is apparent that the political climate can affect what wage policies are implemented. The research team thought that it was important to note that the change in Ontario's government from a Conservative to Liberal party may mean that there are some opportunities for change. A new government looking to distinguish itself from other parties may be more interested in some new policies alternatives such as living wages.

In addition, the focus group cited that there have been several changes to the local government in addition to the provincial government which highlight the opportunity for change.

The focus group participants emphasized that the time for change is now. The shift in Ontario's provincial government means that there is an opportunity to introduce alternative policy measures such as living wages. Because the switch in government is recent, the new government may be somewhat open to new policy initiatives and may be willing to consider funding initiatives.

In addition to the changes in the provincial government, some smaller but equally relevant changes have taken place in Peterborough, which may make the local climate more conducive to the new policies.

First of all, the newly acquired leadership of the Chamber of Commerce could potentially present a new opportunity for living wages, because the recent focus is to promote buying locally in order to help foster small community businesses, which is also one of the aims and abilities of the living wage. The focus group also mentioned that

the GPAEDC Greater Peterborough Area Economic Development Council - has conducted some research into how effective the GPAEDC are in meeting the needs of the County. This could suggest that there may be an opportunity for change, and that the Council may consider new initiatives.

So far the implications have focused on the City of Peterborough; however, one interesting point that was raised is how living wages could apply to the Townships in the County of Peterborough, in order to expand their coverage. Because there are several different municipalities involved, with different Chambers of Commerce, the living wage would have to face approval from the different governments. In addition, the wage rate, which is adjusted according to the local cost of living, may be different for a rural County than the City of Peterborough itself. The participants discussed the fact that these Townships have different costs of living and can sometimes be more expensive to live in than urban neighbourhoods (when transportation costs are factored in, for example).

Having considered those problems however, the participants did feel it important for the living wages to apply to the various Townships instead of just limiting its scope to the City of Peterborough, which would limit the coverage of the policy.

Lastly, the participants discussed some of the barriers associated with living wages; one issue canvassed early on in the focus group was that of language. Terminology works differently within different stakeholder groups and this should be taken into account when pursuing next steps.

Local Government Support

Toronto's municipal government appears to feel that the fair wage policy has been an asset to their image. By creating equality among City workers and improving business dealings in the City by making them more ethical, the Mayor of Toronto believes that fair wage policies have helped build Toronto's image as a City that fights discrimination and harassment. Their ability to operate a policy so successfully also helps to boost the City's image.

A properly formulated living wage policy could do the same thing in Peterborough. By being the first city in Canada to implement a living wage policy, Peterborough could present itself as an ethical, equitable City that promotes fair business dealings and employer-employee relationships. However, the City of Peterborough is very different from the large metropolitan City of Toronto. Peterborough may not have the ability to invest in such an image and would need to see a quick return on their investment.

The focus group stressed that living wages can offer many positive benefits to the local economy, and that these need to be stressed to government officials. The stakeholders involved will need to know that there could be a significant return on investment, and these returns could come in the form of re-circulating funds and in benefiting the community in other ways, such as improved health.

The focus group reiterated that increased wages mean there is more money floating around the local economy that could be spent at local businesses. The participants also argued that the wage needs to be affordable. A scaled introduction could possibly help with making the wage rate more affordable. In addition, the wage may only apply to businesses with enough employees to make the tax cuts/subsidies that are offered worthwhile. That is to say, there needs to be enough money put back into the local economy through wages to make up for the money that is spent on the tax-breaks or subsidies. If businesses pay the living wage to enough employees, this will help to offset the costs of incentives.

The focus group made a very significant point about benefits to the community in the form of increased health. They argued that it is important to “connect the dots” and think about all the factors involved in a healthy community including wages, social services, and other infrastructures. The participants suggested that living wages may address the wide scope of problems involved with poverty. In addition, there are many government costs associated with poverty, including money spent on social services and health care, which could be decreased if wages were raised. Because higher paid workers are healthier, the government might be able to decrease the amount of money they put into health care, subsidized housing, and other social services. The participants argued that if by considering what makes a healthy community, it may

become apparent that living wages could help to decrease poverty and offset the costs associated with that problem.

Employer Incentives

Despite the above concerns, there are numerous ways in which employers can be given incentives to implement living wages. Some of these incentives, namely training subsidies, were also effective in implementing fair wages policies. In British Columbia for example, the fair wage act was only implemented once the Skills Development section of the Act was added on. The Skills Development made the act appealing to employers because they only had to pay their apprentices between 50-90% of the fair wage level depending on their skill. The fact that they could hire new workers and pay them less made the act more interesting to employers. Similarly, training subsidies could be intertwined with living wages to make them more attractive to employers.

The focus group agreed that businesses could be a source of opposition to living wages, but the participants argued that living wages would be most attractive to employers if there was a strong and quick return on the investment. There are several ways in which this could happen, which includes government subsidies, increased spending among locals, profitable reputations and more-productive employees.

As was demonstrated in the literature review and the case studies, government subsidies may be shared with employees who adopt living wages. The focus group suggested that employees of companies looking to build or settle in Peterborough could receive a cut in the cost of their business licenses or property taxes. The participants recommended that a diverse number of tools/vehicles be used for expanding the coverage of the living wage. Development contracts and proposals could be also used as vehicles for implementing tax incentives to those who wish to employ a living wage.

Participants also suggested that training subsidies are especially attractive to companies in Peterborough who are not always able to find qualified workers in the community. In some cases, companies resort to bringing in employees outside of Peterborough because qualified employees could not be found locally. Training

subsidies may be a particularly attractive incentive to these employers.

The participants emphasized that increased wages mean more money that is available to be spent locally, and that living wages may actually help bring increased profits to local businesses.

Some of the participants spoke of how living wages could increase the profits of a business by making it appear more ethical and thus more attractive to local spenders. Employers who agreed to pay a living wage could be added to a preferred business list. The focus group reasoned that citizens are more likely to spend their money on businesses that employ living wages. The name “living wage” could become a prestigious label that could attract spenders. This approach could copy the marketing style of “Fair Trade” products, which, although more expensive, are attractive because people trust that the products have been produced fairly. In time, it is argued, the prestigious context of the living wage could become a normative standard, signalling a shift in cultural values. The preferred business list is a particularly attractive idea because it is an incentive that would be free.

Several of the participants emphasized that living wages are correlated with better health, and that if wages were raised, employees may have lower absenteeism, may be more reliable, and more productive. There are several costs associated with unhealthy employees, and higher wages may lower these costs. The participants then argued that it was important to stress that there are many factors involved in healthy employees and productive workers, and these include higher wages.

Range of Available Instruments

Municipal governments are limited in the type of legislation or policy they can introduce. They do have some power however. They may mandate living wages from private businesses which have contracts with the City. Businesses hired to build or design for the City, rent land/property from the City or receive a tax incentive or subsidy built into their contract all can be asked to pay a living wage. The City can also require that their sub-contractors pay living wages to their employees.

Toronto's Fair Wage Policy, the most extensive policy of the three profiled here, makes some use of the above capabilities. The fair wage policy applies to all employees that are hired by contractors, sub-contractors, suppliers, or tenants of City property. However, the policy does not cover or apply to small businesses, such as owner-operators, partnerships, or principals of companies.

An opportunity lies here to expand wage coverage to those in the service industry. A second opportunity is apparent in Toronto's Fair Wage Policy, which applies to tenants or City land. By mandating that any business that rents property from the City of Peterborough must pay a living wage is one avenue to explore. This could include (but is certainly not limited to) airports or arenas. By using the range of available instruments to enact the policy making it applicable to general suppliers as well as renters of City property the living wage could maximise its coverage.

As earlier noted, the focus group suggested that a range of vehicles could be used to implement the living wage, through development contracts and proposals, for example. However, the participants also listed the individuals who they felt could be involved in the process. Senior purchasers from the City, County, local hospitals and Trent University could all be involved. The participants also thought that it would be important to include business representatives in service groups such as Rotary Clubs in the process. The need to pass along the information to City Councils was also stressed.

Fair Wage v/s Living Wage Complexity

Fair wages were considerably more complex to administer than living wages, because fair wages involve many different rates and negotiations with unions. A living wage might be simpler in that it only involves one flat wage that would be delivered to everyone that was covered under the wage. This may make living wages look more attractive.

Some focus group participants suggested that instead of implementing an entirely new wage policy modifications could be made to the fair wage By-Law to make a hybrid of

both policies. However, the focus group then wondered if this might be even more challenging and problematic. In the end, the group agreed that the policies might work better separately. Implementing both policies at the same time to make a “multiple wage policy regime” may be the most effective approach, especially since implementing both policies simultaneously would maximize their coverage.

Recommended Next Steps

The focus group emphasised the importance of developing a local model, which included infrastructure developments. They also discussed the need to consider the uniqueness of rural communities.

The participants suggested that the local model of a living wage policy be based on a statistical description of the workforce in Peterborough, with a structural profile that included the density of unions, current rate of pay and profile of jobs, and rates of union levels in Peterborough. The focus group felt that it was important that these factors be understood by individuals considering living wages. This information could be helpful in determining the details of the policy, namely the coverage and the rate. If a profile of jobs and wages proved that construction jobs covered by fair wages were already paid high wages, then it may be important to look into using a living wage to cover other poorer-paid jobs.

The participants stressed that if a living wage were to be implemented, the local model should thoroughly consider, and clearly explain the multiple ways in which a quick return on investment could be received. In addition to the tax-cuts businesses may see, the living wage could contribute to economy building and helping to create a generally healthier, more-productive community with a bigger spending capacity. Exactly how the money spent on tax breaks may be recycled in the economy should also be clearly identified. The above assets need to be stressed in the model that is marketed towards key stakeholders. These assets will involve a change in the way social problems are conceptualized rather than looking towards band-aid solutions, this model is one that would address problems from the root and look towards sustainability rather than just short-term returns.

The importance of including infrastructure into the cost of living was stressed by focus group participants. Living wages may need to include costs of child care, transportation, clothing and the other necessities that people need in order to work. A living wage would not necessarily be as beneficial if these things were not provided for in some form. Focus group participants emphasized that various forms of infrastructure such as child care and transportation as well as higher incomes are important for good health, and that a well-rounded approach to healthy living may be adopted when considering implementing a living wage. In this way “connecting the dots” was very important to the participants.

5.0 Conclusion and Next Steps

Living wage ordinances are municipal laws that require businesses who have contracts with the city or receive subsidies to pay their employees a “living wage” a wage that is high enough to support a family. This is often determined according to the cost of living in the actual municipality. There are diverse ways of implementing municipal wage policies. Living wages have been implemented in the United States in the form of “living wage zones” in high tourist traffic areas. In other jurisdictions, the laws are not forced upon businesses but offer tax cuts and subsidies for those who implement living wages as incentives. Living wages differ from fair wages, which are based on union rates of pay and are intended to decrease competition between union and non-union workers, because they have a specifically anti-poverty focus. Nationally, there are increasing numbers of individuals, social planning councils and government bodies interested in acquiring further knowledge of living wage policies, and implementing them.

Implications for Peterborough

From the three case studies conducted of “sister” policies, the following areas of implications were drawn:

Barriers

- Opposition from business
- Enforcement
- Union support and opposition

Opportunities

- Industrial structure
- Low-income cut-offs
- Local government support
- Employer incentives
- Range of available instruments
- Fair wage v/s living wage complexity

In terms of Industrial Structure, a lack of unionization, and lack of fair wage protection produces an opportunity for living wages to expand in the tertiary sector, the largest industrial sector in Canada. In order to meet Low Income Cut-Off rates, a living wage

policy would require a drastic increase from the existing minimum wage. A possible solution would be by raising the living wage incrementally. It was found in the literature review that organized labour could support or oppose living wage policies, the living wage could be seen as an opportunity for business, but as a threat by unions. It was found that where enforcement policies were effective, they were not necessarily inexpensive. This would be a necessary consideration for the City of Peterborough in implementing a living wage policy. Recent changes in leadership federally, and changes in the Ontario government may provide opportunities of new policy alternatives. At the local level, government support for any initiatives pursued could be persuaded through the possible benefits of an ethical and equitable reputation for the City. One of the major possible sources of opposition is from business because any living wage policy would result in increased wage cost for business. A possible way of offsetting this is through employer incentives such as training subsidies or tax breaks. The fair wage policy in Toronto exemplifies a range of instruments that could be used in implementing a living wage such as rental agreements and contracts with general suppliers for the City of Peterborough. A final implication drawn from the case studies was that fair wage by-laws may be more complex to administer, thus a living wage may be less complex.

The focus group was presented with these findings, and discussed how these implications could present themselves in Peterborough. A complete discussion of these findings can be found in **Section 4.0**. In discussing the predominance of the tertiary sector the need for wage protection was emphasized. Also, an opportunity for possible training subsidies in this sector was highlighted since most training subsidies apply to jobs that may already have higher wages. In discussing union support and opposition, the group emphasized the historical importance of, and need for partnerships with, organized labour in Peterborough when addressing the implementation of a living wage policy. Participants discussed effective enforcement policies revolving around for rewards-based enforcement policies that would maximize and encourage participation from businesses. When discussing the implications of the political climate, participants discussed possible opportunities provided by the contemporary focus on the municipal agenda. On the local level, changes have taken place within the City Chamber of Commerce as well as the Greater Peterborough Area Economic Development Council that could create opportunities for living wage policies. Further education of City officials of what is involved with living wage policies was also emphasized. Participants

identified benefits that could be reaped by the local economy by the recirculation of funds in local businesses. Further benefits were expected in the form of healthier citizens requiring fewer social services as a result of higher wages. A discussion also arose regarding the communities within the County of Peterborough which would have notably different costs of living in comparison with the cities. Participants also identified the importance of consideration of implications of terminology when promoting a living wage policy. Participants identified barriers in the form of existing marketing strategies used by the City to attract business. The benefits of a workforce paid living wages would have to be emphasized. In spite of the opposition expected from business, participants discussed ways in which a living wage policy could be profitable to businesses. A “quick return on investment” in the form of government subsidies, increased spending among local businesses, increased productivity, as well as ethical business reputations were discussed as possible ways of doing this. When discussing the range of available instruments for implementing a living wage policy, the participants suggested the involvement of senior purchasers from the City, County, local hospitals and Trent University, as well as involvement of service club members. When discussing the complexity of the fair wage in comparison with the implementation of the living wage, participants suggested the possibility of co-existing policies that could maximize coverage.

While the participants would not claim to be experts on all of the implications involved with living wages, they were able to identify some important considerations for how a living wage may work in Peterborough. The above suggestions then work as flags for further investigation and consideration.

Recommendations for Next Steps

From the focus group important possibilities for further action were discussed. Most importantly, participants suggested the development of a local model for a living wage policy. By developing a model, advocates of the living wage policy initiative would have tangible strategies to present to government and business representatives when pursuing funding, as well as advocating for the implementation of a living wage policy. The creation of a model for policy implementation could highlight the particular needs that differentiate rural communities in the County of Peterborough from the City of Peterborough.

