



Subject: Niagara Living Wage Certification

To: Council

From: Corporate Services Department

Report Number: 2021-166

Meeting Date: June 14, 2021

Recommendation:

That Corporate Services Department Report 2021-166 be received;

That Council endorse the commitment to become a Certified Living Wage Employer at the Leader level as of June 20, 2021; and

That Council endorse the commitment to reaching the Champion level by June 30, 2023.

Purpose:

This report has been prepared in response to past Council direction to investigate the potential for the City to become certified as a Living Wage Employer.

Background:

In the past, Council received a presentation from staff at the Ontario Living Wage Network, and at the time Council directed staff to refer the discussion to the 2020 Budget process. Due to COVID constraints on the City budget process, this discussion did not take place during the 2020 and 2021 budget years. In the absence of that discussion, staff have prepared this report.

On February 22, 2021, the City of St. Catharines announced that it would make an application to become a “certified living wage” employer becoming one of the few municipalities in Ontario to do so. This commitment has a target date of December 31, 2024 which included meeting the level three designation as “Champion”. This motion has been circulated to all local area municipalities.

Should the City of Port Colborne decide to make a similar application to become a certified living wage employer, this report endeavours to outline the social benefits, costs, as well as the opportunities of achieving all three levels including the “champion” certification. This would ensure that all full-time and part-time employees are paid a living wage as well as all external contracted (third party) employees that provide various services to the City on a regular basis. For all intents and purposes, the City of Port

Colborne is already a living wage employer for full time, permanent staff without the certification. By becoming a Certified Living Wage Employer, we are holding true to our Corporate Values of Integrity, Respect, Inclusion, Responsibility and Collaboration and our commitment to supporting and investing in our greatest asset – our Employees.

Discussion:

At present, the Ontario Living Wage Network has determined the living wage in the Niagara area to be \$18.12 per hour, which is calculated to be the hourly wage rate necessary to cover basic living expenses such as food and shelter.

This living wage may rise over time as rates are reviewed and calculated annually by the Ontario Living Wage Network. According to their website, the living wage is determined regionally and currently differs across the province.

Municipality	Living Wage per hour
Region of Waterloo	\$16.35
City of Hamilton	\$16.45
Haldimand Norfolk	\$16.58
City of Guelph	\$17.00
Region of Durham	\$17.00
Simcoe County	\$18.01
Region of Halton	\$20.38
City of Toronto	\$22.08

The minimum wage for the province of Ontario is \$14.25 per hour.

The Ontario Living Wage initiative is a network of employers, employees, non-profit organizations, community groups and proponents of decent work and living standards for all Ontario workers. The purpose of the Ontario Living Wage Network is to strengthen and support local community efforts and provincial initiatives to encourage employers across Ontario to provide decent work that pays a living wage for all of their employees.

The living wage for the Niagara Region is calculated by the Niagara Poverty Reduction Network using the National Living Wage Framework developed by the Canadian Centre for Policy Alternatives. The Niagara Poverty Reduction Network is led by committee coordinators from various community membered organizations in the Niagara region.

A living wage is the broad consensus on the hourly wage a worker needs to earn to cover their basic expenses and participate in their community. It is not the same as the minimum wage, which is the provincially legislated minimum all employers must pay.

Rather, living wage sets a higher test and reflects the amount people need to earn to cover the actual costs of living in their community. This is done by drawing on community-specific data to determine the expenses to a family with two working adults and two children.

To become a certified Living Wage Employer, there are three phased (3) levels of certification as follows:

Supporter: All permanent, full-time employees are paid a living wage. Employers are committed to begin raising the pay of all part-time employees to the living wage.

Leader: All permanent full-time and part-time employees are paid a living wage. Employers are also committed to including living wage in service contracts for externally contracted (third party) employees that provide service on a regular basis.

Champion: All permanent full-time and part-time employees are paid a living wage, and all externally (third party) contracted staff that provide service on a regular basis are also paid a living wage or will be when the contract renews

With St. Catharines applying for certification as “Living Wage Employer”, they will become the fifth municipality in the province of Ontario to achieve this designation. Other municipalities include Cambridge, Kingston, North Perth and the County of Huron. To date, no Municipality has achieved the “Champion” level.

Should the City of Port Colborne be interested in becoming a Living Wage employer and obtain the level 3 “Champion” certification, it must commit that the contracted employees who provide services to the City on a regular on-going basis (at least 120 hours per year) are paid at least the Niagara living wage (i.e. janitorial cleaners, security, window cleaners, and landscapers, etc.). However, ad hoc contract work is exempt.

Bidders and contracted services are not required to disclose the rates of pay of their employees. Without this information, estimating the potential cost of becoming a Living Wage Employer is difficult. Current contracts do not have language to enable the City to request this disclosure of information from private businesses.

As part of the Living Wage certification, Employers are not required to renegotiate existing contracts before they come up for renewal. However, all future agreements or contracts would contain a living wage clause and requirement. The certification program is based on an honour system and audits are not performed on living wage employers, including external contracted services.

It is difficult to determine the impact of an open, fair and competitive bidding process should external contractors be required to pay the living wage. One might assume if companies are required to pay the living wage, there may be less bids or higher bids for City services. Due to economies of scale, larger companies may be better positioned to bid on tenders.

With regard to the current bidding process, qualified tenders are based on low bid which will require new legal language to the City's requests for proposals. Staff are confident that this language can be incorporated into new contracts and renewed contracts on the timeline specified in this report.

The number of service contracts in place with vendors that could be impacted by the living wage criteria varies throughout the year, however, staff are confident that many contractors are already paying the living wage and that enough notice will be provided to those who will be required to adjust their hourly pay rates for work done on City of Port Colborne premises so that they can plan accordingly.

Benefits	Challenges
Improved attraction and retention	Higher cost of wages and benefits for crossing guards, seasonal marina staff, part time museum custodian, contract staff and students, etc.
Positive community branding as socially responsible Employer	Higher cost of tenders/external services and impact on competitive bidding process
Assists in addressing poverty in community	Salary compression for some positions and indirect associated costs
More consumer spending power in the community	Control over "living wage" annual increases (determined by OLWN)
Less absenteeism, improved employee engagement	Impact on City budget, tax levy and external contractors

Financial Implications:

To become an Ontario Living Wage employer at the Leader level would approximately cost the City an additional \$45,689 annually in today's dollars. This would mean all permanent full-time and part-time staff would be paid at least the hourly Niagara living wage rate of \$18.12 per hour. This total does not include the cost of students who may be deemed excluded from the Living Wage Program. It is estimated that the approximate cost to the City to include students in this program would be \$95,269 annually in today's dollars. Staff recommend that a separate review of Student wages be conducted to ensure rates are competitive to the market.

In addition, as a funded organization of the City, the Port Colborne Historical & Marine Museum would also need to adjust hourly rates at an anticipated additional cost of \$5,023 per annum. This brings the total costs of "Level 1 and 2" to approximately \$50,712 for the 2022 fiscal year. If the living wage program had been implemented for

the 2021 budget, this would represent a 0.25% increase to the tax levy without any offsetting of other expenditure costs.

Given the limited information available, it is not possible to estimate the cost to external contractors or cost implications on future tendering. As identified, staff are confident many contractors are already paying at the living wage. If a City's regular service contractors paid an hourly rate equal to the minimum wage, an increase to the living wage would be an increase of 34% to their current payroll per employee. To be able to estimate the total financial impact to the City, we would need to know the total increase in labour costs that vendors would pass onto the City in future tenders through the competitive bidding process. This may also exclude some companies from bidding on the services.

The City would be required to sign a licensing agreement for certification and pay an annual fee of \$400 per year to the Ontario Living Wage network.

Conclusion:

At the time of writing this report it is estimated that the cost of implementing the Living Wage Program as of July 2, 2021, would be an estimated \$25,356.14 for the remainder of 2021. Staff are confident that this increase can be absorbed into the current budget with no increase due to available funds that have resulted from staff turnover and delayed projects.

Staff recommend that the City commit to becoming a Certified Living Wage Employer at the Leader level as of June 20th, 2021, this date coincides with the start of a new pay period. Staff further recommend that the City commit to reaching the Champion level by June 30, 2023.

Appendices:

- a. Living Wage Certification Presentation by Anne Coleman, Program Manager of Ontario Living Wage Network

Respectfully submitted,

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Report Approval:

All reports reviewed and approved by the Department Director and also the City Treasurer when relevant. Final approval is by the Chief Administrative Officer.