

CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT
Financial Services Division

TO: Chair and Members Audit, Finance and Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: November 12, 2012	
SUBJECT/REPORT NO: Proposed Fair Wage Policy and Fair Wage Schedule (FCS12083/HUR12015) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager Finance & Corporate Services Department Chris Murray City Manager City Manager's Office	PREPARED BY: Rick Male (905) 546 2424 ext. 4157 Lora Fontana (905) 546 2424 ext. 4091
SIGNATURE:	

RECOMMENDATION

That the Fair Wage Policy attached as Appendix 'A' and Fair Wage Schedule attached as Appendix 'B' to report FCS12083/HUR12015 be approved.

EXECUTIVE SUMMARY

The current Fair Wage Policy requires that the Fair Wage Policy and Fair Wage Schedule be reviewed, from time to time, and any proposed amendments to the Policy and Schedule be forwarded to Council for approval.

This report highlights the proposed amendments to the existing Fair Wage Policy and also provides an updated Fair Wage Schedule.

Alternatives for Consideration – Not Applicable.

FINANCIAL / STAFFING / LEGAL IMPLICATIONS (for Recommendation(s) only)

Financial: None.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND (Chronology of events)

The Fair Wage Policy and Fair Wage Schedule were last approved by Council on August 13, 2009.

The current Fair Wage Policy, including the complaints process, is administered by the Procurement Section. The City references the Fair Wage Policy and Fair Wage Schedule in all applicable City construction contracts.

The Fair Wage Policy is a tool to help ensure that general contractors pay their employees reasonable wages and benefits for work performed on City of Hamilton construction contracts. The Fair Wage Schedules, attached to the Fair Wage Policy, are reflective of the Provincial collective trade union agreements within the construction industry. The wages in these schedules are the minimum wages that a contractor must pay their employees unless that contractor has a collective agreement with their employees that has been duly bargained and registered with the Ministry of Labour.

This report outlines the proposed changes to the Fair Wage Policy and Fair Wage Schedule.

POLICY IMPLICATIONS

Fair Wage Policy and Fair Wage Schedule.

RELEVANT CONSULTATION

City Manager's Office, Human Resources Division, Labour Relations Section: Director of Employee and Labour Relations
City Manager's Office, Internal Audit Division: Supervisor of Audit Services
City Manager's Office, Legal Services Division: Senior Solicitor
The Christian Labour Association of Canada (CLAC)
Besseling Mechanical Inc.
Hamilton-Brantford, Ontario Building & Construction Trades Council

Input was solicited and received from the following municipalities who administer a Fair Wage Policy:

City of London
City of Oshawa
City of Pickering
City of Thunder Bay
City of Toronto
City of Greater Sudbury
Municipality of Clarington

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

The summary of changes made to the current Fair Wage Policy is as follows:

- (i) The proposed Fair Wage Policy, attached as Appendix 'A', has incorporated a number of housekeeping amendments. These include refined definitions, reformatting for ease of reference and wording to provide further clarity with respect to the Policy requirements.
- (ii) The proposed Fair Wage Schedule, attached as Appendix 'B', contains the current wage rates that have been collected from the local organized labour for the construction sector within the geographical area of the City.
- (iii) The Fair Wage Policy has been amended to recognize collective agreements which have been duly bargained and registered with the Ministry of Labour. Where such an agreement exists between a contractor or sub-contractor and their employees, the hourly rates and benefits in that collective agreement will supersede the wages and benefits stipulated in the City of Hamilton's Fair Wage Policy and Schedules. This amendment was made in response to concerns raised by unionized workers and unionized contractors, such as The Christian Labour Association of Canada, who have bargained and registered collective

agreements in accordance with the regulations of the Ministry of Labour. The concern raised was that the wages and benefits stipulated in the Fair Wage Policy and Schedules could be different than the wages and benefits legally negotiated by their employees.

- (iv) The current Fair Wage Policy permits the City to require, where appropriate, contractors or sub-contractors, found to be non-compliant, to submit an accountant's report on future construction contracts. The proposed Fair Wage Policy has been amended to clarify that the City requires a licensed Public Accountant assurance report, acceptable to the City.
- (v) The current Fair Wage Policy allows for the City to recover the cost of the investigation and audit process. The cost of the audit was calculated based on the hours and hourly rate of the Internal Audit staff who undertook the audit. The fee did not include costs incurred by Procurement to meet with the contractor, sub-contractor and complainant or the costs of reporting the audit findings to Council nor the costs of reviewing the Public Accountant Assurance Reports on future contracts. A minimum fee (\$5,000) is being recommended which will recover these costs. Such minimum fees have been established in other Fair Wage Policies throughout Ontario. The majority of compliance audits are usually fairly straight forward and would be assessed the minimum fee. More complex contracts may involve numerous sub-contractors and the use of sub-contractors by those sub-contractors. This increased complexity significantly increases the work and cost to complete the audit.

ALTERNATIVES FOR CONSIDERATION

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

An alternative recommendation would be the elimination of the Fair Wage Policy. The elimination of the Fair Wage Policy might possibly result in lower bids; however, this alternative is not being recommended as previous Councils have been strong supporters of having a City of Hamilton Fair Wage Policy to ensure employees of contractors, working on Hamilton contracts, are paid a fair and comparative wage that is reflective of the negotiated settlements within the construction industry.

CORPORATE STRATEGIC PLAN (Linkage to Desired End Results)

Focus Areas: 1. Skilled, Innovative and Respectful Organization, 2. Financial Sustainability, 3. Intergovernmental Relationships, 4. Growing Our Economy, 5. Social Development, 6. Environmental Stewardship, 7. Healthy Community

None.

APPENDICES / SCHEDULES

Appendix 'A' to report FCS12083/HUR12015 – Fair Wage Policy

Appendix 'B' to report FCS12083/HUR12015 – Fair Wage Schedule