



Hamilton

INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	November 21, 2016
SUBJECT/REPORT NO:	Living Wage (CMO16020) (City Wide)
WARD(S) AFFECTED:	City Wide
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SIGNATURE:	

Council Direction:

On July 10, 2013, the Emergency & Community Services Committee approved the following:

- (a) That staff prepare an information report outlining the wage status of part-time staff as compared to the Hamilton Living Wage and;
- (b) That staff prepare an information report in partnership with the Corporate Services Department to identify through the City's Purchasing Policy how the procurement of goods and services might support Council's objective of promoting social and economic well-being of the community, including how the City's purchasing Policy can influence wages paid to contractors, as a first step to identifying strategies to encourage local businesses to pay a living wage for their employees.

On July 6, 2016, the Emergency and Community Services Committee requested staff to:

- (c) That the appropriate staff be requested to gather data from Service Canada in an effort to offer our Committee, in September, the approximate number of Hamilton businesses and companies currently paying a Living Wage and the percentage of residents who are making a Living Wage.

Additionally, on November 16, 2015, the Board of Health endorsed the 2015 Nutritious Food Basket (NFB) Report BOH15036; which recommended "the development of a

Living Wage policy for the City of Hamilton to increase income security and reduce health inequities among employees.”

Living Wage Impact Summary

The following table summarizes the impact of increasing casual part-time positions to the current Living Wage Rate of \$15.85 per hour.

Table 1 - Living Wage Impact Summary

Employment Status/Employer		Staff earning above Living Wage Rate	Staff earning less than Living Wage Rate	Annualized Cost (\$) of Staff Increase to Living Wage Rate
Full-time (Temporary and Permanent)	City of Hamilton	5,186	0	0
	Hamilton Public Library	157	0	0
Total Cost of All Full-time Staff Earning Living Wage Rate				\$0
Part-time (Temporary, Permanent and Casual/Seasonal)	City of Hamilton	1,959	312	590,842
	Hamilton Public Library	135	181	441,054
Total Cost of All Part-time Staff Earning Living Wage Rate				\$1,031,896

HISTORICAL BACKGROUND:

Like communities across Canada, Hamilton continues to struggle with significant income disparity, health inequities, and the social exclusion of some of its residents. Living Wage is one policy response to address these challenges. Fundamentally, a living wage ensures that wages reflect the real costs of living in a specific community with a basic level of social inclusion¹.

Since 2011, and through an ongoing national dialogue, Living Wage Canada has developed the Canadian Living Wage Framework. This framework provides a consistent living wage definition and calculation methodology.

A living wage “reflects what earners in a family need to bring home based on the actual costs of living in a specific community,” and is “the hourly rate at which a household can meet its basic needs, once government transfers have been added to the family’s income and deductions have been subtracted.”² Basic needs include:

- Food and clothing

¹ “Social inclusion is about making sure that all children and adults are able to participate as valued, respected and contributing members of society” - Andrew Mitchell and Richard Shillington (2002). *Poverty, Inequality and Social Inclusion* (Laidlaw Foundation).

² Living Wage Canada. (2013). *What is a living wage?* Retrieved from <http://www.livingwagecanada.ca/index.php/about-living-wage/what/>

- Shelter and associated costs like heat and hydro
- Transportation
- Recreation and leisure
- Minimal savings for an emergency

While the intent of living wage is to lift families out of poverty and provide a basic level of economic security and quality of life, it does not take into account home ownership, debt or retirement savings.

LIVING WAGE IN HAMILTON

In 2011, the living wage rate for Hamilton was calculated as \$14.95 per hour. This rate was based on a living wage framework developed by the Canadian Centre for Policy Alternatives (CCPA) in conjunction with a local Living Wage Calculation work group of the Hamilton Roundtable for Poverty Reduction (the Roundtable). The work group included staff from the Roundtable, City of Hamilton, McMaster University, Social Planning and Research Council of Hamilton, and the Workforce Planning Hamilton, as well as the Hamilton & District Labour Council along with local living wage business leaders and community voices.

Living Wage Hamilton has developed a Living Wage Employer Recognition Program that recognizes the steps employers have taken towards ensuring all workers earn at least a living wage.

There are various milestones in the journey to becoming a living wage champion in Hamilton. They are:

- 1. “Friend”**
 - Employer has not determined how many employees are earning a living wage, but is committed to doing so within one year as a first step toward reducing the number of low wage employees in their organization.
- 2. “Supporter”**
 - All full-time employees earn a living wage. The Employer is committed to determining the cost of raising part-time employees to a living wage within one year and begins raising the wages of employees in that category.
- 3. “Partner”**
 - All full-time and part-time employees earn a living wage. The Employer is committed to determining the cost of raising student positions to a living wage within one year and begins raising the wages of employees in that category.
- 4. “Leader”**
 - All full-time and part-time employees, including student positions, earn a living wage. The Employer is committed to ensuring that all external

service contracts pay a living wage and will encourage service contracts to raise the wages of their employees to a living wage level.

5. “Champion”

- All full-time and part-time employees, including students, earn a living wage, and all of external service contracts pay a living wage.

The Living Wage Employer Recognition Program was launched at the beginning of 2015 with an inaugural employer recognition event taking place in June 2015. A second event recognizing employers took place in May 2016. There are currently over 30 local employers recognized as Living Wage Champions ranging from the public and not-for-profit sectors to small and medium sized private sector employers. A full list is attached as Appendix A to Report CMO16020.

The 2015 Nutritious Food Basket (NFB) Report BOH15036; which noted the basic costs of healthy eating and highlighted that some individuals and families in Hamilton “have insufficient income to cover the cost of adequate housing and healthy food”, also stated that “poor nutrition and inadequate housing directly contribute to poor health and well-being”. As part of this report, Council endorsed “the development of a Living Wage policy for the City of Hamilton to increase income security and reduce health inequities among employees.”

In 2016, the Living Wage rate was reviewed and updated by Living Wage Hamilton and the Living Wage calculation workgroup. Based on revised local costing and analysis, the rate has increased to \$15.85 per hour.

City of Hamilton

Since 2013, Community and Emergency Services department staff have worked with the City Manager’s Office, Human Resources and the Hamilton Public Library to review staff positions, ensure job classifications are current, and ensure an accurate assessment of the budget implications for implementing a Living Wage policy for the City of Hamilton.

Currently, 100 percent of the City’s full-time employees (5,186 temporary and permanent)³ earn a living wage. Of the City’s part-time employees, which include temporary, permanent and casual/seasonal classifications, 86 percent of these part-time employees (1,959 temporary and permanent employees) earn a living wage and the remaining fourteen percent of part-time staff (312 casual/seasonal employees) earn less than the living wage rate of \$15.85.

Of the 312 staff working in casual part-time positions that do not earn a living wage, approximately 25% are between the ages of 14 and 18, and are likely students. They do not fall into the “student” category of employment as defined by the Pay Equity Act

³ Total workforce for the City of Hamilton is 8,192.

because they work part-time hours outside of formal school break times (summer, March/Spring break) and may not be excluded from Living Wage.

The Living Wage rate for Hamilton currently sits at \$15.85 per hour, which breaks down to \$15.24 plus 4% vacation pay (\$0.61) for a total of \$15.85 per hour. For costing, the value of vacation pay or any other employer paid benefits have been included in the calculation of wage rates for part-time and casual employees.

Hamilton Public Library

The Hamilton Public Library (HPL) is governed by its own Board and administers its own employee compensation based on HPL's salary schedule. However, HPL utilizes the City's male comparator position to meet Pay Equity legislative compliance. As a result, Living Wage adjustments made to the City's male comparator position will impose a direct financial impact on HPL's 181 Library casual part time employees as they are all currently captured in one job classification - Library Page.

Currently, the projected operating budget impact is \$441,054 for all 181 casual part time Library Pages at HPL. However, the Library is currently investigating ways to mitigate this budget pressure without causing reductions in service levels or negative impacts on existing casual staff currently employed.

Financial Impact of Living Wage Paid to Casual/Seasonal Part-time Staff

Based on an analysis of 2015 operational hours, elevating the hourly rate of casual part-time staff to a living wage would impact approximately 312 City of Hamilton staff at an annual operating cost of \$590,842, and 181 Hamilton Public Library staff at an annual operating cost of \$441,054 for an approximate total cost of \$1,031,896. The details are presented in the following table.

Table 2 - Estimated cost of moving casual/seasonal part-time positions to \$15.85 living wage rate

Department	# Positions	# Employees	Cost (\$)
City Manager	0	0	0
Community & Emergency Services	4	27	240,876
Corporate Services	0	0	0
Councillors' Office	2	2	531
Planning & Economic Development	1	226	206,219
Public Health Services	0	0	0
Public Works	5	57	61,722
Total Positions/Staff	12	312	
Cost			509,348
Benefit Overhead Costs (BOC)			81,494

Total Annualized City Cost			\$590,842
Hamilton Public Library	1	181	\$441,054
Grand Total HPL & City	13	493	\$1,031,896

Application of the living wage rate would not have a negative impact on pay equity requirements, nor would there be any current obligation on pay bands at or above the living wage rate.

This alternative could however negatively impact internal equity. Internal equity is about fairness in the pay structure of an organization. It occurs when employees perceive that they are being compensated in a fair and equitable manner according to the relative value of their jobs within their organization. Shrinking the differential between pay bands by elevating one role and not subsequent roles in the structure may create issues with internal inequity.

LIVING WAGE IN OTHER COMMUNITIES

Staff undertook a scan of municipalities across the country and discovered that, while many communities are examining living wage as a means of addressing poverty, only a handful have become living wage employers (attached as Appendix B to Report CMO16020).

New Westminster and Esquimalt, British Columbia became the first communities in Canada to adopt living wage policies in 2010 and 2011, respectively. New Westminster pays its full and part-time employees a living wage. It also requires all contracted or directly subcontracted firms who provide services on City premises to pay their employees performing these services a Living Wage. Esquimalt living wage policy applies to full and part-time municipal staff.

The City of Cambridge, Ontario became Canada's third municipal government to adopt a living wage policy in November 2015. The City's full-time staff already earn more than \$16.05 (the Waterloo Region Living Wage rate) however through Council's endorsement of a living wage policy; they are exploring ways to pay part-time staff a living wage within a year⁴.

The City of Toronto endorsed a new Poverty Reduction Strategy in November 2015. One of the Strategic themes is "Quality Jobs and Livable Incomes" with actions that include championing a living wage standard across Toronto and giving preference to vendors providing goods and services to the City who pay a living wage⁵.

⁴ City of Cambridge. (2015). Living Wage Review Update (15-046-CorpServ). Retrieved from http://www.cambridge.ca/cs_publicaccess/download.php?doc_id=6560

⁵ City of Toronto. (2015). *To Prosperity: Toronto Poverty Reduction Strategy*. Retrieved from <http://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-84626.pdf>

Businesses Paying a Living Wage in Hamilton

At the Emergency and Community Services Committee Meeting on July 6, 2016, a request was made for staff to "gather data from Service Canada to offer the Committee the approximate number of businesses and companies paying a living wage; and the percentage of residents who are making a Living Wage."

Staff consulted with the Planning and Economic Development Department, Workforce Planning Hamilton and Statistics Canada for the availability of this information. While there is business registry data for the City of Hamilton that provides business and employee counts for Hamilton, this data set does not have any information related to hourly wages paid by the businesses to employees.

Through Statistics Canada, there is data on the average offered hourly wage for job vacancies broken down by National Occupational Classification (NOC); however this wage data is only available for job vacancies and for the Hamilton-Niagara Peninsula economic region.

This data shows that in the first quarter of 2016, there were 10,930 job vacancies in the Hamilton-Niagara Peninsula with an average offered hourly wage of \$17.95. The lowest average hourly wage at \$10.65 was for food and beverage servers and the highest average at \$54.70 was for physicians, dentists and veterinarians. Over one-third (35%) of the job vacancies were in the sales and service occupations that had an average offered hourly wage of \$12.75.

In terms of reporting on residents earning a living wage, while there is a variety of data related to employment and income of the population, earnings data is most often reported in a summary form such as the total or average income earned during the year for a population group. Hourly wage information cannot be extracted from these types of indicators.

Through the Labour Force Survey data from Statistics Canada, there is a breakdown of the employed labour force by ranges of hourly wages earned which could provide some insight into residents making a living wage. However, this data is only standardly produced at the national level. An inquiry has been made to Statistics Canada about whether a custom run of this data for the City level data can be produced.

At this time, there is no local level data available that could be used to show the percentage of residents earning a Living Wage.

PROCUREMENT POLICY

Staff will bring a report forward in early 2017 to identify through the City's Purchasing Policy how the procurement of goods and services might support Council's objective of promoting social and economic well-being of the community.

APPENDICES AND SCHEDULES ATTACHED

Appendix A to Report CMO16020: Hamilton's Living Wage Employers

Appendix B to Report CMO16020: Living Wage in Communities across Canada