Council Direction:

Council at its meeting of May 24, 2006, adopted Information Item d) of Social Services Committee Report 06-007, which reads as follows:

“Whereas the City of Hamilton has taken initiatives to mitigate costs through preventative services;

Whereas the minimum wage amount vs. the housing wage is profoundly polarized;

Whereas approximately 50% of renters are at risk of homelessness as a result of spending more than 30% of their income on shelter;

Whereas the City of Hamilton has control of censuring a fair wage policy which would be in line with housing wages which would mitigate the homeless risk in the City of Hamilton;

Whereas the City of Hamilton has a significant challenge in providing Social Services with a profound impact on taxes through the general levy;

Whereas the hourly wage of most privatized positions falls below the $15.21 hourly housing wage;

Therefore be it resolved that staff be directed to evaluate a Fair Wage Policy within the Corporations R.F.P. process in order to mitigate the risk of
homelessness and the increased demand on the City of Hamilton’s Social Services Budget.”

Council at its meeting of January 24, 2007, removed this item from the Outstanding Business List of the Emergency and Community Services (E&CS) Committee, and referred it to the Committee of the Whole for consideration.

Information:

This report provides Council with introductory information about the concept of a living wage as well as a brief overview of current work on living wage initiatives in Canada. Numerous Canadian municipalities are exploring the issue. There is also a growing interest in this subject among individuals and organizations in Hamilton. The Senior Management Team (SMT) has created a cross-departmental staff working group to examine this issue.

Introduction and Background:

Even though there are various measures of poverty or need, such as minimum wage or the low income cut-off\(^1\) (LICO), Canada has no official poverty line. We gauge a family’s resources solely on income because it is easy to measure. We know, however, that an individual’s capacity to participate in society also depends significantly on family assets (a vehicle, savings or a home), social programs, and community and family supports.

Minimum wage is a provincially legislated wage that must be paid to all employees. The general minimum wage in Ontario as of March 31, 2010, is $10.25 per hour. While increases to provincial minimum wage rates contribute to reducing poverty, their impact is limited. For example, an individual earning minimum wage, working full time, full year, would have earned $21,320 before tax which is slightly less than the before tax LICO of $22,171. A family of four on the other hand would need to earn twice the minimum wage in order to meet the before tax LICO of $41,198\(^2\). Many minimum wage jobs are not full time, full year, nor do they always provide benefits. While the recent increases to minimum wage are positive, a minimum wage is not necessarily a living wage.

The premise of a living wage is that individuals who work should not have to live in poverty but should be able to sustain themselves and their families. While no single definition of living wage has gained universal acceptance, a sustainable income or living

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\(^1\) Although Canada does not have an official measure of poverty, Statistics Canada’s Low Income Cutoffs (LICO) is probably the best known measure and the one that is most often referred to as the poverty line. This threshold is defined as the income below which a family is likely to spend 20 percent more of its income on food, shelter and clothing than the average family. There are separate cutoffs for seven sizes of family and for five community sizes. Hamilton falls under the largest population category, communities with a population over 500,000.

\(^2\) The LICO (1992 base) before-tax (2008) for a single person and a family of four in a community of residence over 500,000 is $22,171 and $41,198 respectively.
wage is one that allows people to feed, clothe and shelter their families, maintain their health, participate in the community and work toward long-term goals.

While no standard definition of living wage is available, the concept has been explored across Canada, the USA and the United Kingdom. Over 140 municipal jurisdictions in the United States currently have living wage ordinances that guarantee a minimum hourly wage at a rate over and above the legal minimum wage.

There are two basic approaches to living wage initiatives:

- Regulatory – bylaws or policies that require the municipality (or related municipal organization) and any contractors operating under a contract with the organization, to pay a living wage
- Voluntary – employers voluntarily improve their overall workplace practices including wages and benefits\(^3\)

In Canada, low wage workers or the “working poor” typically include Aboriginal persons, recent immigrants, single unattached individuals over the age of 15, and female-headed lone parent families. The City of Hamilton is no exception to this pattern.

**How can a Living Wage be Calculated?**

Living wage rates can be calculated in a variety of ways including the LICO, Low Income Measure (LIM), both from Statistics Canada, or the Market Basket Measure from Human Resources and Skills Development Canada (HRSDC). Another method was developed by the Canadian Centre for Policy Alternatives (CCPA). The CCPA Calculation Guide takes into account family expenses, government transfers, taxes and deductions in order to generate an hourly living wage rate. Calculations also take other local factors into consideration. Given that there is no one universally accepted method of calculating living wage rates, they tend to vary significantly as evidenced by the table below.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Living Wage Rate per hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calgary, AB</td>
<td>$13.50</td>
</tr>
<tr>
<td>Ottawa, ON</td>
<td>$13.25</td>
</tr>
<tr>
<td>New Westminster, BC</td>
<td>$16.74</td>
</tr>
<tr>
<td>Vancouver, BC</td>
<td>$18.17</td>
</tr>
<tr>
<td>Waterloo Region, ON</td>
<td>$13.62</td>
</tr>
</tbody>
</table>

See Appendix A to Report CS10092 for additional details regarding living wage initiatives in the aforementioned Canadian municipalities.

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There are numerous studies and discussion papers which look at the reasons for supporting living wage initiatives and their economic impact. Those in favour of a living wage underscore the positive impacts such as greater economic self-sufficiency, reduced stress, a decline in absenteeism, and improved health status, to name a few. Those opposed to this kind of initiative highlight concerns with the methodology utilized to calculate a living wage, the potential cost of implementing a living wage, as well as the potential indirect and hidden costs (i.e. potential layoffs due to the cost of increased wages being paid by employers).

**Living Wage as a Local Priority**

A number of City and community initiatives have identified living wage as a strategic priority:

- The City of Hamilton has a Fair Wage Policy (FWP) which applies to all construction tenders in excess of $100,000. The intent of the policy is to ensure that building trade contractors utilized by the City pay their employees a fair wage for the work performed, and to ensure that workers are not exploited or discriminated against. Council approved updates to the policy schedules in August 2009 – Fair Wage Policy Update (FCS08044(a)/HUR08012(a)). The current policy requires contractors and sub-contractors to provide remuneration to employees in accordance with the fair wage schedule. The Wage Schedule covers approximately 170 construction related positions. The Fair Wage schedules are continuously updated to reflect wages negotiated for the Trade Union Provincial Agreements. Depending on the status of the contracts, schedules show rates for 2009, 2010 and 2011.

- The City of Hamilton 2010 Corporate Priority Plan (Report CM09021) has two broad areas of focus: i) Prosperity: Optimizing Economic Opportunities, and ii) Sustainable Services: Managing Service Delivery Costs. One of the eight activities under Prosperity is to increase the number of living wage jobs in Hamilton. The Work Plan calls for the development of a living wage policy as well as a comprehensive labour market plan in consultation with community partners.

- One of the goals of the City of Hamilton Economic Development Strategy (2010) and the Jobs Prosperity Collaborative Hamilton is “to improve Hamilton’s quality of life and prosperity by attracting and supporting employers who provide employment conditions that promote quality of life”. One of the deliverables is “to explore the implications of a living wage for Hamilton”.

- The Hamilton Roundtable for Poverty Reduction (HRPR) has recently tabled eight Action Priorities. One of these priorities is “to make Hamilton a living wage

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community." The HRPR is looking to make an economic case for Hamilton to become a living wage community and encouraging the City, other anchor institutions and businesses, to adopt living wage policies for employees and contractors.

- The City’s Senior Management Team has created a cross-departmental staff working group to examine the issue of a living wage with plans to report back to Committee of the Whole in 2011. Under the leadership of the Community Services Department, the working group will scan the current literature, review the status of living wage initiatives in Canada and the United States, review existing City of Hamilton policies (e.g. the Fair Wage Policy), develop policy options, and examine the financial and administrative implications of these policy options. Additionally the Community Services Department will be undertaking broader consultations and seeking input from community stakeholders including the business sector.

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7 Hamilton Roundtable for Poverty Reduction. (2010).
Living Wage Initiatives in other Canadian Municipalities

**New Westminster, British Columbia**
In April 2010, New Westminster, BC became the first and only municipality in Canada to establish a living wage policy. The New Westminster Living Wage Policy requires the City to pay a set hourly rate to both full time and part time employees who “perform physical work on City Premises and properties”. The rate is established each year by the Living Wage for Families Campaign and is currently set at $16.74. New Westminster is now investigating the implications of the Living Wage on contracted services.

**City of Ottawa**
In February 2010, Ottawa City Council approved a municipal poverty reduction strategy entitled *Poverty Affects Us All: A Community Approach to Poverty Reduction*. One component of this strategy is to “develop options for a living wage policy at the City and a consultation plan and report to Community and Protective Services Committee in the spring of 2010”\(^1\). While this recommendation was part of a larger poverty reduction strategy, it was voted on and approved as a separate item. The report indicates that a living wage for Ottawa is $13.25 an hour without benefits. Staff anticipate undertaking a consultation in October and will prepare a report on policy options to be tabled late this year or early in 2011 as part of their 2011 Budget process.

**Waterloo Region**
In 2007, Waterloo Region in partnership with Opportunities Waterloo\(^2\) began to explore the impact of implementing living wage policies for employers providing services to the Region. A series of reports and consultations were completed. Opportunities Waterloo calculated the living wage for the Region of Waterloo for 2009 to be $13.62 per hour.

In January 2010, staff at the Region tabled a report recommending a policy that (i) requires a living wage for all non-student Regional employees, (ii) gives preference to bidders on specific Regional contracted services (e.g. housekeeping, cafeteria, grounds keeping), who agree to pay a living wage to employees who work at Regional facilities, and (iii) creates a public education program that encourages other employers within the Region to adopt a similar living wage policy\(^3\). Regional Council voted not to approve the living wage report recommendations or move ahead with implementation plans at this time.

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\(^1\) City of Ottawa. (2010). *Poverty affects us all: A community approach to poverty reduction.*

\(^2\) Opportunities Waterloo Region acts as a community support organization for initiatives that aid in the efforts to reduce and prevent poverty. See [www.owr.ca](http://www.owr.ca)

City of Calgary

Vibrant Communities Calgary and the City of Calgary have undertaken a significant amount of work on the issue of living wage over the last five years. In 2007 their Council adopted the Sustainable, Environmental and Ethical Procurement Policy (SEEPP) which established minimum ethical performance standards for City of Calgary contractors. The payment of a Living Wage was included as an optional provision within the policy’s Supplier Code of Conduct, meaning that the City would give preference to suppliers paying a living wage (but they are not required to do so). This was seen as an important first step. The City of Calgary went ahead with additional research on the impact of living wage as well as developing a number of policy options.

The Living Wage Action Team\(^4\) in Calgary determined the minimum living wage to be $12.25 per hour with benefits, or $13.50 per hour without benefits. This figure was based on the Statistics Canada 2008 before tax LICO amount for an individual with no dependants. In April 2009, staff tabled a report which included three policy options for the City of Calgary, however, Council decided not to move ahead with a living wage policy at that time\(^5\).

\(^4\) The Calgary Living Wage Action Team is an initiative of Vibrant Communities Calgary and is comprised individuals from various sectors of the community with an interest in addressing the root causes of poverty. See [www.vibrantcalgary.com/](http://www.vibrantcalgary.com/)

\(^5\) City of Calgary. (2009). Living wage. Retrieved March 20, 2010 from [http://www.calgary.ca/portal/server.pt/gateway/PTARGS_0_0_104_0_0_35/http%3B/content.calgary.ca/CCA/City+Hall/Business+Units/Community+and+Neighbourhood+Services/Social+Research+Policy+and+Resources/Living+Wage.htm](http://www.calgary.ca/portal/server.pt/gateway/PTARGS_0_0_104_0_0_35/http%3B/content.calgary.ca/CCA/City+Hall/Business+Units/Community+and+Neighbourhood+Services/Social+Research+Policy+and+Resources/Living+Wage.htm)