

The Living Wage Learning Initiative

The fact that people who work full time can also live in poverty is an issue that has galvanized anti-poverty activists in Canada since the 1890s. In response, minimum wage legislation was enacted in the early 1900s by federal and provincial governments to set a wage floor for low-skill workers. But minimum wages remain inadequate to this day [Battle 2003]. Ironically, the term ‘living wage’ implies that pay rates should be sufficient to provide a decent standard of living. Coined more than a century ago in

Canada, it is now often associated with the living wage movement in the United States – a grassroots, city-by-city effort to establish a wage floor substantially above minimum wage.

In Canada, Vibrant Communities organizers in Niagara Region, Waterloo, BC’s Capital Region, Surrey, Edmonton and Calgary are continuing to explore and pursue projects designed to improve wages and work-related benefits for low-paid employees. In response to interest in the subject, Vibrant Communities established a pan-Canadian Living Wage Learning Initiative – a series of tele-learning seminars in 2004-05 which explored the lessons of the living wage movement in the US and their possible application to a Canadian context.

Living wage campaigns are a potentially important part of comprehensive community initiatives now under way in Canada which focus on reducing poverty and creating strong communities. Like their counterparts in the US, Canadian living wage proponents have used two approaches for launching living wage campaigns: regulatory and voluntary. A third approach – targeted wage subsidy programs administered through the tax code to provide

Established in 2002, Vibrant Communities is a pan-Canadian initiative that explores promising local solutions to reduce poverty. Fifteen communities from across Canada have formed a learning partnership through which they share ideas, resources and strategies related to poverty reduction. Each of the participating communities already had done considerable work to alleviate poverty and saw Vibrant Communities as a way to extend and enrich their efforts. This story is the fifth in a series which highlights successful strategies for reducing poverty and building more caring communities.¹ For more information, visit: <http://www.vibrantcommunities.ca>

a federal tax credit to either employers or workers – is receiving attention in the US, but has not been part of the living wage discussion in Vibrant Communities to date [Torjman 2003].

The regulatory approach, which is more typical of the US living wage movement, is rooted in community organization and political negotiation. Local collaborations lobby regional employers, such as municipalities and post-secondary institutions, to pass bylaws or policies that require these organizations and any contractors they employ to pay a wage above the poverty line. By contrast, the voluntary approach encourages regional employers to voluntarily improve their overall workplace practices, including wages and benefits. Organizers use engagement and social marketing techniques to inform employers about the importance of a living wage, suggest ways they can improve their employee wage and benefits programs and celebrate successes. The experience of the six Vibrant Communities demonstrates that a voluntary approach – less confrontational in nature – is generally the first step organizers take to build support for a regulation-focused campaign.

Though shaped by the unique character and history of each individual city, campaign experiences offer many insights to community-based collaboratives which see living wages as one way of addressing the challenge of poverty reduction. This community story offers a sketch of living wage initiatives already under way in North America and of the six Vibrant Communities' early efforts to launch living wage campaigns.

A good idea whose time has come... again

The term living wage was first commonly used in Canada near the turn of the 20th century

to focus attention on establishing a minimum wage for low-income earners [Battle 2003]. In the US, the term was revived in the early 1990s as a means of rallying support for municipal ordinances (bylaws) to increase the wages paid by firms receiving contracts from local governments or by businesses receiving government subsidies.

Though less than one percent of US workers have been affected by these efforts, the results have helped bolster the argument that paying better wages does not result in a significant loss of profits or in layoffs. Program evaluations have shown that affected employers often recoup all or most of the increased wage costs by making savings in the areas of training and recruitment. In some cases, they experience a small reduction in profits. However, higher wages mean greater productivity, increased morale and job satisfaction, lower staff turnover, and lower attendant recruitment and retraining costs [Kraut et al. 2000; Pollin and Luce 2000; Roston 2002].

Ordinance campaigns in the US also have helped to build coalitions among a wide variety of partners – labour unions, faith groups, non-profit organizations and community groups. These campaigns also have built awareness that businesses which pay less than a living wage are effectively being subsidized by taxpayers through government assistance programs that help many low-income wage employees survive [Kraut et al 2000].

Toronto's legacy

When it comes to 'living wages,' Toronto is unique on the continent. For more than a century, the City of Toronto has maintained the fair wage policy it first developed in 1893. Fair

wages refer to pay levels which are based on union rates and are intended to reduce competition between union and non-union workers [DePutter et al. 2004]. Fair wage scales in Toronto are marginally lower than union rates. If no wage standard exists for a particular employee group, a wage rate is determined in accordance with industry standards. For the purposes of this paper, fair wages are considered equivalent to living wages. Toronto's fair wage policy predated the modern living wage movement by a century, but its spirit is in keeping with current efforts to alleviate poverty by improving wages.

Toronto's fair wage policy originally was intended to cover construction workers. But, over the years, the policy has expanded to include non-construction employee groups where exploitation of workers has been a problem, such as cleaning services, clerical workers, security guard services and garment industry workers. The policy sets standards for work time and conditions. Most recently reviewed in 2003, the policy is updated every three years.

Mark Piplica is the Manager of Toronto's Fair Wage Office, combining his fair wage policy administration duties with managing the City's labour trade contractual obligations in the construction industry. His office administers the fair wage policy, investigates grievances and reviews contractual jurisdictions (the City has provincial binding agreements with eight trade unions). In his annual report to the City in 2003, Mark's records showed that his office reviewed 2,844 contracts. Based on complaints, the Fair Wage Office investigated 48 contractors and discovered 12 firms that were in violation of the fair wage policy. As a result of staff investigations, 125 workers received back wages and compensation in the amount of \$175,874. Mark and his staff conduct spot checks for policy compliance and

react to complaints from unions, competitor businesses, workers, operational departments and associations to help keep contractors in line.

The 1893 fair wage policy evolved over the years. When the Toronto Metropolitan Corporation was formed in 1954, the policy was one of many that the new urban organization chose to maintain. During the municipal amalgamation process in 1998, fair wage policies were harmonized, and enforcement practices were standardized. The policy now covers all City departments, boards and commissions. The City has strengthened the fair wage policy by including disqualification provisions for contractors who are found to be non-compliant.

Toronto's policy has also been used by other contracting bodies. The University of Toronto, for example, now specifies in its tendering practices that contractors must adhere to the City of Toronto's fair wage guidelines. Mark is busy fielding requests for information on establishing and operating fair wage policies as well as administering compliance checks on behalf of enterprises like the Toronto Exhibition. Oshawa, Hamilton, London, Peterborough and Thunder Bay also have some form of fair wage policy, all influenced by the work done in Canada's largest municipality.

Says Mark: "Policies can vary a great deal, based on the structure they establish to measure compliance and set wage schedules [Toronto's are set according to the structure laid out by the Ontario Ministry of Labour, Employment Standards Branch]. Having a well-structured municipal policy that includes a compliance provision provides the stick that some employers need to pay their people a decent wage. Firms that adhere to the policy can advertise themselves as fair wage employers and bid for City contracts – these are two large incentives for participation."

Progress in other Ontario municipalities

The Toronto model provides a strong case for well-crafted fair or living wage policies. However, in most parts of the country there is neither historical precedent in place nor ongoing commitment to this type of policy. Living wage campaign organizers are often faced with the challenge of building awareness to support such measures and of determining local fair wage levels.

Over the last 18 months, Opportunities Niagara (the local Vibrant Communities convenor) has completed two discussion papers for the Region of Niagara on local poverty issues and mapped out a strategy for advancing a living wage campaign. Organizers recently met with a diverse group of community leaders – human resources professionals, hotel industry representatives, government, nonprofit, and business and education officials – on how to best proceed with efforts to promote exemplary human resources practices. Says Peter Papp, Program Manager, Opportunities Niagara: “It’s our belief that if you can convince employers to adopt policies which support flexible scheduling, staff retention efforts and day care provisions, paying living wages will be a next logical step.”

Niagara living wage proponents face the daunting task of reaching an agreement on a living wage level from 12 member municipalities. They plan to host community leadership workshops to inform participants of the wage issue and solicit their participation and support. Over the coming months, Opportunities Niagara will prepare a communications plan to promote the concept of the living wage, using local media to help spread the word. The Region of Niagara already pays its employees above the minimum wage – the contentious issue is how to arrive at a dollar value that will be acceptable to each jurisdiction.

In addition to living wage discussions, hoteliers in Niagara Falls are struggling to attract and retain staff, despite paying salaries above the minimum wage. Transportation for low-income hotel staff is a major concern, so Opportunities Niagara is involved in negotiating a low-wage fare for employees in the hospitality industry. “We are concerned both with maintaining a healthy work force and a healthy economy,” says Peter. “It is our intention to track the progress of local employers who decide to pay their employees a living wage, and in this way, support or refute the claims made by US groups that paying higher wages ultimately benefits both parties. This information, along with a regional government which has already established fair wage levels, will likely result in a living wage campaign which blends voluntary and regulatory strategies.”

Opportunities Waterloo Region (formerly known as Opportunities 2000 or OP2000) – the multistakeholder poverty reduction initiative in Waterloo Region, Ontario, that was a precursor to Vibrant Communities – mounted a living wage campaign in 2003. The basis of the campaign was a carefully researched local Market Basket Measure, which calculated sustainable budgets and living wage levels for different household sizes [Skillen 2000].

Members of Opportunities Waterloo Region met throughout 2003 with representatives from municipal and regional government, nongovernmental organizations, business leaders and low-income residents to share their research and get feedback and suggestions. Over that period, they were building support for the adoption of multiple strategies for alleviating poverty, including the payment of a living wage. Some early living wage discussions met with stiff opposition from nervous business leaders. Organizers quickly learned to approach the subject with sensitivity and caution.

Based on those consultations, campaign organizers realized that they did not have the broad base of community support necessary to focus specifically on establishing a local wage bylaw. Instead, they concentrated their efforts on promoting better human resource management policies in general, including the living wage as one component. Business participants in Opportunities Waterloo Region had developed a booklet of human resource best practices earlier in the initiative. The interest in living wage now continues as part of this broader effort.

Developments in British Columbia

The Quality of Life CHALLENGE (BC Capital Region's Vibrant Communities project) has three priority areas: Community Connections, Homes and Sustainable Incomes. The Sustainable Income Working Group currently oversees the work done by two task forces. The Mentorship Task Force seeks to improve existing mentoring services aimed at moving unemployed and waged poor workers to sustainable incomes. It also is working to move employers in the direction of paying sustainable wages by sharing stories of good human resources practices. The Sustainable Income Working Group is developing several communication tools to support this work, including a booklet entitled "HR Options for Action" that details 50 human resources ideas, employer and employee benefits, and case studies.

The Sustainable Income Working Group has recently decided to undertake research in preparation for a possible living wage awareness campaign. Says Ruth Underhill, Employer Liaison with the Quality of Life CHALLENGE: "This decision was, in part, an outgrowth of our work with local employers. The Sustainable Incomes Working Group members also looked carefully at a number of recent changes in our region which

suggested that the climate was right for some type of living wage campaign. For instance, the newly launched Values-based Business Network has generated a great deal of local interest in the triple bottom line – profits, people and the environment. That this type of independent business organization is forming around values is significant. The Vibrant Communities living wage tele-learning initiative also has stimulated interest among working group members to begin preliminary investigations into the subject."

The CHALLENGE's approach to living wage initiatives will be set within a sensitive provincial climate. In 1993, the NDP government in BC instituted *The Skills Development and Fair Wage Act*. It required employers working on provincial government projects to pay their employers a 'prevailing' wage – set at 90 percent of provincial construction wage rates. The requirement applied to contracts with a value of \$25,000 or more. However, the Act was rescinded by the Liberal provincial government in 2001.

The Vibrant Communities project in Surrey, BC is also taking a soft pedal approach to its living wage campaign. Because community work in Surrey is highly politicized, organizers decided to confirm community approval for the idea of a living wage campaign when they conduct a series of community forums in June. If all goes well, plans to establish a long-term campaign – based on trust and integrity and subject to an annual review – will rest on the direction of a combined business and labour council. If the climate is right, the campaign organizers will begin actively recruiting and developing the council in the fall of 2005. One of the first pieces of work will be to understand what a living wage might look like and the characteristics of the working poor of Surrey.

Says Vibrant Surrey coordinator Louise Hara: “We understand that success means working together. We know that a regulatory approach would have garnered early support from some members of the community. But keeping both the business and labour sectors involved by taking a more comprehensive, cohesive approach has far more potential for developing an effective campaign that everyone can support.”

Living wage efforts in Alberta

In Alberta, the economy is booming, the unemployment rate is low and employers, particularly those in the construction and hospitality sectors, are concerned about labour shortages and employee retention. The climate offers some support to the case for paying a living wage as part of an overall strategy to attract and retain workers.

The province has the lowest minimum wage and the smallest percentage of its workforce at the minimum wage in Canada [Battle 2003] though the Klein government recently announced that the minimum wage rate will be raised from \$5.90 to \$7.00 as of September 1, 2005 – the first increase since October 1999. The fact that a low proportion of workers are paid a minimum wage suggests that employers are aware of the need to be competitive.

In 1999, the City of Edmonton repealed a contracting policy that incorporated a fair wage element. When the issue was raised again at an executive committee meeting at city hall in February 2005, committee members did not move forward with any requests to the administration with respect to a fair wage policy. It was clear that there was a wide variation of views of the

issues involved in the fair wage/living wage discussion. Construction contractors, for example, who already pay higher than minimum wage rates, were concerned that they were being asked to pay even higher salaries, where supporters were more concerned with the wages paid by city-contracted service providers. At the end of the meeting there seemed to be some support for further discussion on living wage.

One positive outcome of the meeting was greater community interest in the subject of living wages. Since then, there has been a series of meetings on the issue hosted by Public Interest Alberta (PIA), a 15-member provincial organization with representation from nonprofit and public interest groups, including teachers and nurses organizations. The group that has been meeting to discuss an action plan for moving forward a living wage campaign. Vibrant Communities Edmonton has participated in these discussions and will determine its specific role once there is some agreement on the action plan. The Greater Edmonton Alliance, with members drawn from university and labour groups, held its founding assembly this spring and determined that living wage will be one of its primary areas of focus.

Wayne Shillington, President of NorQuest College and co-chair of Vibrant Communities Edmonton, was involved in tabling the living wage issue at the February municipal executive committee meeting. Says Wayne: “Instituting a policy requires a deep understanding of local business, voluntary sector and citizen concerns. Implementing an effective policy and embedding it into a bylaw requires strong support from both the political and business communities. Vibrant Communities Edmonton believes an approach can be found that benefits all Edmontonians and is prepared to assist in that effort.”

Sharing the wealth – a win-win arrangement

When Edmonton entrepreneurs John and Laurel Rudolph purchased Alberta Carpet Cleaning in 1981, the eight-month-old company had a staff of 25 – 15 call center employees and 10 technicians. Like many low-paid service employees, his technical staff turned over regularly. In the late 1980s, John raised their wages and was gratified to find that the company's profits increased. "People who are paid better respond with greater loyalty to their employer," says John. "It was a double win – our staff was happier and our profits went up."

A few years later, John and Laurel found ways to make the business run more efficiently and used the resulting savings to raise the salaries paid to call centre employees. "We began to feel that there had to be a better balance between the money the business earned and how well we paid our staff," says John. "We also wanted a better balance between technician and call centre pay rates, which we have achieved."

"Other business owners used to tell me about employee job satisfaction studies that ranked salaries well behind factors like workplace environment," says John. "I didn't buy it. My experience has shown me that when people are paid well, their level of commitment goes up."

In 2000, John and Laurel bought a chain of dry cleaning stores called Page the Cleaner. Today, they own two storefront operations and are the franchise holders for 20 dry cleaning stores. Though they are unable to demand that franchisees pay higher than minimum wage, John and Laurel's own profit margins have convinced store owners of the benefits of paying higher wages. The starting salary for both of their two companies is \$10.25, and the average salary paid to their employees is \$13.25. (Alberta's minimum wage is currently \$5.90, but will rise to \$7.00 in September 2005.) John bases the companies' entry salary on a Market Basket Measure calculated for Edmonton at \$9.50.

Employers must be attentive to the many factors which contribute to employee loyalty and job satisfaction. Page the Cleaner was not a profit-making venture until 2005, but it was a project that John and Laurel knew would pay off given enough time. To improve employee motivation, John reorganized task assignments to build multiple skills and make work more interesting. Teaching his staff to track their own efficiency gave individuals the incentive to reach a little higher and do a little more. The gamble paid off and the business has shown a profit over the last six months.

John and Laurel's commitment to their community and their staff come from their belief that wealth should be shared. Says John: "People have to undergo a significant shift in attitude when they decide to pay themselves less and their employees more. When owners are afraid that their competitors will undercut their job bids by paying lower salaries, living wage legislation may be necessary to allow a more generous spirit to take hold."

Generosity might also be fuelled by statistics which show that any wage and benefit increases business owners pay to achieve living wage levels will cost most of them less than one percent of their total spending [United Way of Calgary and Area 2003].

Vibrant Communities Calgary established a Living Wage Action Team in 2003 as a way of encouraging progressive workplace practices. By December of that year, the group published a comprehensive study of American and Canadian living wage initiatives (*Understanding Living Wage: Research Report*). A focus group studied the paper and considered four possible options: a) do nothing, b) adopt a US-style municipal policy initiative, c) encourage voluntary compliance or d) pursue a combined voluntary/legislative initiative. Most of the 30 Action Team members preferred the fourth option, but recognized the extensive resources necessary for launching a simultaneous, two-pronged campaign.

The Living Wage Action Team has recently chosen to start a municipal policy campaign, followed by an extension of this campaign to other public, quasi-governmental, private and non-profit sectors. They will limit their focus for the initial municipal portion of the campaign to an hourly wage, but include and encourage a broader range of progressive employment practice options in their communications materials. They have agreed to set the desired hourly wage amount at \$10.

Says Ramona Johnston, an Associate of United Way Calgary and Area (one of two Vibrant Communities Calgary co-convenors) who will become Manager of Vibrant Communities Calgary in June 2005: “The process to achieve consensus on this amount was a wonderful community building exercise. We had the former President of the Calgary Chamber of Commerce, a small independent business owner, representatives of the Calgary and District Labour Council and social activists engaged in a healthy and dynamic debate. In the end, a motion to set the amount at \$10 an hour was unanimously passed by the 15 members present. The Action Team agreed that

this is an amount that they feel is politically acceptable and can be presented as the starting point for a living wage initiative.”

Vibrant Communities Calgary co-convenor MCC Employment Development has agreed to act as the initiative’s charitable agency, and Vibrant Communities Calgary now has incorporated as a not-for-profit company. The hiring process for a full-time living wage coordinator is now in progress.

Says Ramona: “Having someone who can lead the living wage work is critically important. We have received positive feedback on our work from several municipal aldermen and, at least in part due to our efforts, the Calgary Health Region has now approved the exploration of adopting a living wage policy. We are uncertain of how much support exists for a living wage policy among municipal representatives, but we understand the importance of creating a foundation of political, business and community support. We are also committed to building in an evaluation mechanism to properly track the impact of such a policy, and to ensuring ongoing policy enforcement. Having spoken about living wages to numerous community groups, I am certain that the issue is generating a lot of interest, which we can hopefully turn into an effective municipal policy and improved wages across all employment sectors.”

Bringing life to learning

Vibrant Communities tele-learning initiative on the living wage began in the fall of 2004. Community representatives were invited to dial in to four presentations from leaders in the living wage movement and then encouraged to discuss a series of questions that would help guide and structure future work in the area [visit: <http://www.tamarackcommunity.ca/g2s323.html>].

Vibrant Communities Living Wage Campaign Summary

BC Capital Region – began by sharing good human resources practices, now considering mounting a living wage campaign

Surrey – discussing a possible long-term living wage campaign plan, to be directed by a combined business and labour council

Edmonton – City council still discussing the issue, community groups initiating discussions for possible living wage campaigns (Vibrant Communities Edmonton acting in an advisory role)

Calgary – recent municipal campaign launched with plans to extend it to other public and private sector employers

Waterloo – voluntary campaign now part of a broader human resources best practices initiative

Niagara – living wage issue has been discussed as part of a package of good human resources practices, but will likely emerge as a distinct issue, with a campaign which will blend voluntary and regulatory strategies.

The learning initiative not only provided information for those new to the living wage discussion, but reinforced and supported the work already under way in communities. Participants expressed their appreciation of the quality of information and the depth of discussion generated by the four events. Some found that the national learning initiative added a measure of credibility to their work and provided them with an opportunity to engage new people in their living wage initiatives. The Living Wage Learning

Initiative will recommence in the fall of 2005; participants are enthusiastic about the continued opportunity to exchange ideas and learn from one another's successes and setbacks.

Developing a common base of information and experience will be central to the success of living wage campaigns in Canada. Vibrant Communities' commitment to creating a Living Wage Learning Initiative may help advance the belief among all sectors that the phrase 'working poor' has no place in a caring society and strong economy.

Anne Makhoul

Anne Makhoul coordinates the 'community stories' series for the Caledon Institute of Social Policy.

Mark Piplica, City of Toronto, can be reached at: mpiplica@toronto.ca or by phone at: (416) 392-7300.

Vibrant Communities representatives may be contacted by following the links at: <http://www.vibrantcommunities.ca>

Endnote

1. Other stories in this Vibrant Communities series include:

- *Waterloo Region's Guaranteed Income Supplement Campaign* (January 2005)
- *Quality of Life CHALLENGE in Victoria Invites Low-income Canadians to Speak for Themselves* (April 2005)
- *Assured Income for the Severely Disabled Public Policy Initiative* (May 2005)
- *Community Action in Saint John: Making a Difference in the Lives of Young People* (May 2005).

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1600 Scott Street, Suite 620
Ottawa, Ontario, Canada
K1Y 4N7

Phone: (613)729-3340

Fax: (613)729-3896

E-mail: caledon@caledoninst.org

Website: www.caledoninst.org