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A Guide to Becoming a **Living Wage Employer**

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ONTARIO LIVING WAGE NETWORK

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WHY BECOME A LIVING WAGE EMPLOYER?

Living Wage Employers are responsible employers who care about their employees and the community. They recognize that paying a living wage constitutes a critical investment in the long–term prosperity of the economy by fostering a dedicated, skilled and healthy workforce. **The Living Wage Employer Program** recognizes and celebrates employers that pay their direct and indirect employees a living wage.

BENEFITS OF BECOMING A LIVING WAGE EMPLOYER

- Employees who earn a living wage experience increased mental and physical health, and economic well-being.
- Living Wage Employers receive public recognition for demonstrating a commitment to socially responsible practices, making them more attractive to potential employees and customers.
- Employers paying a living wage experience a decrease in employee turnover and absenteeism, increased retention and productivity, and savings on rehiring and retraining.
- Employers can use the living wage as a tool within their recruitment strategy for lower paying occupations.

WHAT IS THE LIVING WAGE?

A living wage is **the hourly wage a worker needs to earn to cover their basic expenses and participate in their community.** It is re-calculated periodically to ensure that it accurately reflects changing living expenses. Living wage rates are based on the National Living Wage Framework.

WHY IS IT NECESSARY?

More and more people are working for low wages. They are facing impossible choices — buy food or heat the house, feed the children or pay the rent. The result can be spiralling debt, constant anxiety, and long-term health problems. In many cases it means that the adults in a family are working long hours, often at two or three jobs, just to pay for basic necessities.

CURRENT LIVING WAGE RATES

Current living wage rates for employees not receiving any non-mandatory benefits can be found by visiting:

www.ontariolivingwage.ca/living_wage_by_region

If an organization provides any benefits such as health, dental and prescription drug coverage please contact the Living Wage program for a personalized calculation for the organization.

CONDITIONS FOR BECOMING A LIVING WAGE EMPLOYER

- Employers agree to ensure that all direct full time, part-time and contract employees are paid the living wage rate for their area. If employees are paid relevant non-mandatory benefits, the living wage hourly rate that must be paid will take account of this.

- Employers agree to insert a living wage clause (stipulating that contracted workers and subcontracted workers are to be paid a living wage) in all future contracts where staff who are not direct employees are contracted to provide services to their organization on a regular, ongoing basis.

PHASED IMPLEMENTATION

The Living Wage Employer Program currently provides phased implementation with three levels of certification for organizations:

SUPPORTER: All direct full-time employees are paid a living wage. Committed to begin raising the pay of all direct part-time employees to the living wage rate.

LEADER: All direct full-time and part-time employees are paid a living wage. Committed to including living wage in service contracts for externally contracted (third party) employees that provide service on a regular basis.

CHAMPION: All direct 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

paid a living wage or will be when the contract renews.

APPLYING TO BECOME A LIVING WAGE EMPLOYER

Employers prepare and submit a draft Living Wage Employer Implementation Plan that should include the following details:

1. Employer details

- Employer name and addresses of all offices/worksites/premises
- Basic description of company, nature of the workplace
- Contact person's details in relation to this application

2. Direct employees

- Approximate number of direct staff that will be affected by Living Wage Employer status
- For organizations that have collective agreements in place, it is expected that they will inform the relevant union(s) of their intention to apply for living wage status.
  Confirmation of this should be included in the plan
- Initial timeline for bringing all direct employees to a living wage rate
- Mechanism that will be used internally to ensure that all staff are maintained at a living wage rate on an annual basis as per conditions

3. Contracted service staff

- Brief description of your current service contracting process
- Estimated number and type of service contracts that will be affected by your certification as a Living Wage Employer
- Mechanism that will be used internally to ensure that all relevant service contracts will include a relevant living wage clause at time of renewal or initial awarding

4. Overseeing the plan

- How this plan will be overseen
- Who has responsibility for overseeing the plan

Employer can use the **on-line enrolment form** on the **Become a Living Wage Employer** page of the Ontario Living Wage Network website to submit their implementation plan.

SUPPORT

Ontario Living Wage Network will provide advice and support to employers implementing the Living Wage including best practice guides, case studies from leading employers, a business case, presentations, and model procurement frameworks.

UPDATING OF THE LIVING WAGE

Local Living Wage rates are updated annually or bi-annually to take into account living expense changes and changes to government transfers and deductions. Living Wage Employers will be notified of changes to the Living Wage rate. Employers agree to align their current living wage rates to the new calculation within six months.

EMPLOYER PAID BENEFITS AND THE LIVING WAGE

To calculate the living wage rate for an employer we take into account their employees' total compensation package (wages + benefits). If employees receive non-mandatory benefits, the living wage rate is adjusted to take this into account.

TRAINEES, INTERNS, CO-OP AND PRACTICUM PLACEMENTS

Employers are allowed to have a small number of trainees, students in practicum or co-op placements or interns that are paid below the living wage as long as they don't represent a core part of the total staff makeup (no more than 10% for most employers; in the case of small not-for-profits where the total staff complement is five workers, no more than 20%). Staff that are on probation are not counted as part of the living wage determination process but once their probation period is over, they must receive a living wage.

Notwithstanding the 10% exemption for trainees, interns, co-op and practicum positions, living wage employers are encouraged to pay a living wage to these employees if they are able or as close to the living wage as possible.

UNPAID INTERNS AND THE LIVING WAGE

Under Ontario's Employment Standards Act, unpaid internships are only permitted if the internship falls under one of the three narrow exceptions:

1. Internships that are part of a program approved by a secondary school board, college, or university; or
2. Internships that provide training for certain professions (e.g. architecture, law, public accounting, veterinary science, dentistry, optometry); or
3. Internships that meet all six conditions required for the intern to be considered a "trainee":
    1. The training is similar to that which is given in a vocational school
    2. The training is for the benefit of the individual
    3. The person providing the training derives little, if any, benefit from the activity of the individual while he or she is being trained
    4. The individual does not displace employees of the person providing the

    5. The individual is not accorded a right to become an employee of the person providing the training
    6. The individual is advised that he or she will receive no remuneration for the time that he or she spends in training.

    Ontario Living Wage Network expects enrolled employers to comply with the Employment Standards Act in their use of unpaid interns.

EXTERNALLY CONTRACTED (THIRD-PARTY) STAFF AND THE LIVING WAGE

Externally contracted staff refers to staff that many businesses use to provide services such as janitorial, security, or catering. This clause covers external (third-party) contracts that provide services for the organization on a regular ongoing basis, that is, for at least 120 hours of labour per year. Ad hoc contract work (for repairs or maintenance, for example) is exempted from this clause.

Living Wage Employers are encouraged to inform contractors about the Living Wage Program and how it may affect the terms of their agreements. A Living Wage clause

should be included in all future agreements and renegotiated agreements with hired contractors. Organizations do not need to renegotiate existing contracts before they come up for renewal in order to be compliant. All future agreements, whether new or being renewed, must incorporate the Living Wage standards. Living Wage Champions need to undertake the following:

A. If the staff are directly contracted by the organization. When the contract comes up for renewal the organization should include a living wage clause as part of its Request for Proposals (RFP). It is expected that, after selecting a suitable contractor, a living wage clause will be inserted in the contract as per the RFP.

B. If the staff are not directly contracted by the organization, but do provide services - for example, as part of a tenancy agreement. The organization should advocate for a living wage clause to be included in the agreement/contract when it comes up for renewal.

BEST EFFORT CLAUSE

If an organization can clearly show that it made its best efforts to fulfil this clause it will be allowed to keep its Living Wage Champion status. (For example if an organization received no responses to a RFP that included a Living Wage Clause.)

COLLECTIVE AGREEMENTS

It is expected that Organizations that have collective agreements in place will inform the relevant union(s) of their intention to apply for living wage status. Collective agreements will be treated as contracts, as per above.

MONITORING

If an employer is found to have not fulfilled the criteria within their Living Wage Declaration, the Living Wage Program will work with the employer to identify whether

continued involvement in the program is possible.

LIVING WAGE EMPLOYER CERTIFICATION

Once the employer has been certified as a Living Wage employer, it becomes entitled to:

- Living Wage Employer window decals for store front display where appropriate,
- A Living Wage Employer electronic logo for use on websites and print materials,
- Recognition on our website and any of our periodic publications.

We encourage new Living Wage Employers to celebrate their certification as a Living Wage Employer with staff and board members, as well as announcing their status in local media and trade publications.

ABOUT THE ONTARIO LIVING WAGE NETWORK

The Ontario Living Wage Network is a collaborative of employers, employees, non-profit organizations, community groups, researchers and proponents of decent work 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.

DEFINITIONS

- Direct employees. Direct employees include permanent employees and contract staff who are on the payroll of the employer.
- Indirect employees. Indirect or externally contracted staff refers to staff that many businesses use to provide services such as janitorial, security, or catering. It includes contractors working on their own account, such as an independent cleaner or bookkeeper, and staff of a business contracted to do regular work for the organization on site.
- Full-time. For the purposes of the living wage employer program, full-time staff refers to employees working 35 or more hours a week.
- Part-time. For the purposes of the living wage employer program, part-time staff refers to employees working fewer than 35 hours a week.

APPENDIX 1:

LIVING WAGE EMPLOYER IMPLEMENTATION PLAN FOR COMPANY X

1. Introduction

Company X is proud of its record as a responsible employer. To date, it has won numerous awards recognizing this commitment. Company X provides a wide range of eye care solutions. It was founded in 1970 and we currently have 7 retail outlets throughout Ontario. We currently employ 85 staff, 50 full-time and 35 part-time.

2. Direct Employees

Based on an analysis undertaken by our HR Manger, we currently have 5 full-time and 10 part-time staff that are below the current living wage rate. These positions are all retail assistant positions. The five fulltime staff receive full Health benefits and when this is taken into account, we need to increase their base hourly wage by $0.75/hr to reach the living wage rate. The 10 part-time positions are not paid benefits and thus, their base hourly wage needs to be increased by $2.10/hr to reach the living wage rate. This provides us with an equity challenge as it would mean that similar positions would be paid quite different base hourly wage rates. To address this, we have decided to provide benefits to all part time staff and increase their base hourly wage by $1.00 to bring them up to a living wage rate.

The company's HR manager will be responsible for making these changes within 3 months of being declared a Living Wage employer. In June of every year, the HR manager undertakes a comprehensive wage review for all staff members and our Living Wage Employer commitments will be included as part of this review.

Our staff is non-unionized so we have no collective agreements.

3. Contracted Service Staff

We currently lease all our premises and security services are provided as part of these leasing arrangements. Our leases vary from 1 to 10 years. As we don't directly contract security services we can't guarantee that we will be able to ensure a living wage clause, but we will endeavour to follow the criteria +in the 'best effort clause' set out in the Living Wage Employer conditions.

We have 3 service contracts that fall under Living Wage criteria.

- Computer System Maintenance and support. This contract is an annual contract renewed at the start of every year. We commit to include an appropriate living wage clause when it is next renewed. However we estimate that no workers will be affected by this.
- Eye Equipment Maintenance. We have a three-year contract which is due for renewal in Oct. 2017. We commit to include an appropriate living wage clause in the new contract at this date. Again, we estimate that no workers will be affected by this as it is highly specialized work.
- Janitorial/Cleaning. This contract covers all our premises and is due for renewal in Nov. 2017. We commit to include an appropriate living wage clause in the new contract at this date. We estimate that this will affect 15-20 workers.

4. Implementation

This plan was developed by the HR Manager and has been approved by the CEO and Board of the Company. The HR Manager will be responsible for its implementation. A section on our Living Wage Employer commitments will be included in the annual HR report to the Board.

Signed _____

Date _____

APPENDIX 2:

EXAMPLE OF INTERNAL LIVING WAGE POLICY

Purpose

At [Name of Employer], it is important to us to be aware of, and maintain, corporate social responsibility.

We strive to make decisions and take actions that have a positive impact on our community, our staff, and the people we serve. As a responsible employer, we believe that our employees need to earn a wage that sustains a lifestyle that meets the needs of daily living and provide some discretionary income. We recognise that paying a living wages constitutes a critical investment in the long-term prosperity of our organization by fostering a dedicated, skilled and healthy workforce.

Definition

The living wage is the hourly rate of pay that enables wage earners living in a household to:

- Feed, clothe and provide shelter for their family
- Promote healthy child development
- Participate in activities that are an ordinary element of life in the community
- Avoid the chronic stress of living in poverty

This hourly rate is calculated every two years by the Ontario Living Wage Network, based on the living expenses of a family of four with two children aged 3 and 8, with both parents working full-time. Local living expenses are calculated for Food, Clothing and Footwear, Shelter, Transportation, Child Care, Non-OHIP Health Care, Parents' education, Contingency Fund and Other (such as personal care, furniture, household supplies). The cost of government deductions (provincial and federal taxes, Employment Insurance and Canada Pension contributions) and the value of government transfers like the Canada Child Tax Benefit are also factored into the calculation.

Application (Dependent on level of recognition)

The policy applies to all employees employed by [Name of Employer], as well as all employees employed by a contractor or sub-contractor who perform services directly or indirectly for [Name of Employer] on a regular ongoing basis.

Direct Staff

- Staff earning only a salary or wage will earn at least a Living Wage. When the living wage is recalculated, any increases in the living wage will be passed onto staff within 6 months of the new calculation.

Contracted Staff

- Where services are contracted, e.g. food service, cleaning, etc., we choose vendors/ service providers that pay a living wage to their staff. This clause covers external contracts that provide services for our company on a regular, ongoing basis; that is, for at least 120 hours of labour per year.
- Living Wage clauses are included in all agreements and renegotiated agreements with contractors we hire.

Benefits in Consideration

- In instances where non-mandatory benefits are provided to staff, the basic hourly wage due to staff may be adjusted to reflect the positive impact these benefits have on the employee's ability to meet basic needs and have some discretionary income.
- These benefits include health, dental, vision and prescription coverage for staff covered by this policy.

Benefits may be provided on a cost shared basis; however, the premiums paid by the employee cannot reduce the wage to below an acceptable level with respect to a Living Wage.

Accountability

[Name of Company] maintains its participation in this policy through the Living Wage Employer Program. We are accountable for upholding and keeping current with this policy. [Name of Company] will ensure that a relevant process is in place for employees to raise any issues relating to the Living Wage Policy in a safe and confidential manner.

APPENDIX 3:

EXAMPLE OF LIVING WAGE CLAUSE FOR SERVICE PROVIDER CONTRACTS

The following is an example of a Living Wage contract clause for insertion into contracts with service providers to guarantee Living Wage provision. These contract clauses are offered as starting points in order to assist drafting of appropriate provisions. These contract clauses are not recommended clauses, nor do they substitute the requirement to seek legal advice.

The Ontario Living Wage Network is not responsible for the use or operation of any or all of these clauses and accepts no liability arising out of such use or operation.

General

1.1 It is a condition of this Agreement that, for the duration of this Agreement:

(a) the Contractor pays all employees who are employed by the Contractor to perform services pursuant to this agreement not less than the Living Wage, as set by the Ontario Living Wage Network; and

(b) notwithstanding 1.1 (a), the contractor has up to 6 months from the date on which any increase in the Living Wage is adjusted by Ontario Living Wage Network, to increase any or all wages such that the Contracted Employees continue to be paid not less than the Living Wage.

Sub Contracting

1.2 If the Contractor sub-contracts all or part of the provision of the Services to a sub-contractor pursuant to clause [1.1], the Contractor shall ensure that any sub-contractor adheres to clause 1.1 as though it were the contractor.

Termination of Contract

A breach by the Contractor of its obligations pursuant to clauses 1.1 and 1.2 shall constitute a material breach by the Contractor of this Agreement which shall entitle the client to terminate this Agreement.

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BANKING WITH PURPOSE