A GUIDE TO BECOMING A LIVING WAGE EMPLOYER
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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 within their community. It is recalculated on an annual basis to ensure that it accurately reflects changing living expenses. Waterloo Region’s living wage is based on the National Living Wage Framework.¹

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 RATE

Waterloo Region’s current (2017) living wage rate is $15.42/hour for employees not receiving any non-mandatory benefits. If an organization provides any benefits such as health, dental, disability or life insurance, transit or gym passes, bank fees, or childcare please contact the Living Wage program for a personalized calculation for the organization.

LIVING WAGE EMPLOYER RECOGNITION PROCESS

1. Expression of Interest

Complete the Living Wage Enrolment form and send it to us. If you have questions, give us a call or email us.

2. Application Review

We’ll review your enrolment form and contact you to address any questions and determine level of recognition.

3. Declaration and Certificate Presentation

We set a date for you to sign the Living Wage Employer Declaration and receive your Living Wage Certificate of Recognition.

4. Recognition

We’ll publicly recognize your organization or business through social media, events and publications.

5. Annual Review

Each year when the living wage calculation is updated, we’ll contact you to let you know the new rate. Employers have six months to make adjustments for the new rate.

SUPPORT

Living Wage Waterloo Region 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.
LEVELS OF RECOGNITION

The Living Wage Employer Program currently provides five levels of recognition for organizations:

**FRIEND:** Committed to determining how many employees are earning a living wage and to begin raising all full-time employees to a living wage within a year. (No decal)

**SUPPORTER:** All full-time employees earn a living wage. Committed to begin raising all part-time employees to a living wage within a year.

**PARTNER:** All full-time and part-time employees earn a living wage. Committed to begin raising student positions OR contracted employees to a living wage within a year.

**LEADER:** All full-time and part-time employees, including student positions OR contractors, earn a living wage. Committed to begin raising all employees to a living wage within a year.

**CHAMPION:** All full-time and part-time employees, including student positions, earn at least a living wage, and all contracted staff are paid a living wage. Committed to championing the living wage within our sector/industry and within the community.

ANNUAL UPDATING OF THE LIVING WAGE

The Living Wage is updated annually to take into account living expense changes and changes to government transfers and deductions. The new calculation will be publicly released in November. Employers agree to align their current living wage rates to the new calculation within six months. Living Wage Employers will be notified of changes to the Living Wage rate and what the changes mean to their recognition.

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.

THE LIVING WAGE AND INCENTIVE-BASED PAY (TIPS)

In order to determine if an employee paid by incentive-based pay (tips) or commission is receiving at least the living wage, the employee’s base salary plus
tips over the course of a one-month period are divided by the number of hours worked in order to calculate the average hourly pay.

**STUDENT POSITIONS**

Student positions refer to student interns, student co-op placements and trainees. At the Partner and Supporter levels of the Living Wage Employer Program these positions can be paid below the living wage rate. But to reach the Champion level, these positions would be paid the living wage.

**UNPAID INTERNS AND THE LIVING WAGE**

Under Ontario’s Employment Standards Act, unpaid internships are only permitted if the internship falls under one 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 training
   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.

Living Wage Waterloo Region expects enrolled employers to comply with the Employment Standards Act in their use of unpaid interns.
EXTERNALLY CONTRACTED 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 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 Champions 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

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 RECOGNITION

Once the employer has been recognized 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 letterhead
- Recognition on our website and any of our periodic publications.

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

ABOUT LIVING WAGE WATERLOO REGION

Living Wage Waterloo Region is a collaborative initiative to encourage employers in Waterloo Region to pay a living wage. The vision of Living Wage Waterloo Region is that Waterloo Region be a community where paid work provides people with a standard of living that allows for health and well-being and opportunity to participate in the life of the community. The main activities of Living Wage Waterloo Region include:

- Calculating the living wage rate for Waterloo Region annually;
- Managing the Living Wage Employers Program in Waterloo Region;
- Participating in Ontario and Canadian living wage networks.

Living Wage Waterloo Region is guided by a Steering Committee of representatives from community organizations and other partners and supporters.
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 Waterloo Region. We currently employ 85 staff, 50 full-time and 35 part-time.

2. Direct Employees

Based on an analysis undertaken by our HR Manager, 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 full-time 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. 2015. 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. 2014. 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 Living Wage Waterloo Region, 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, Medical Services Plan Premiums, 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. The living wage is recalculated biennially. 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, and disability 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 Recognition 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.

Living Wage Waterloo Region 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.

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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 every two years by Living Wage Waterloo Region; 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 Living Wage Waterloo Region, 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.
APPENDIX 4: SAMPLE COLLECTIVE AGREEMENT LANGUAGE

Wage floor: Living Wage

1. The parties agree to the following principles:

a. The Employer is subject to the Living Wage Employer Recognition Program (the “Program”).

b. The Program’s Living Wage rate is a wage floor, not a wage target.

c. In the event that the Program’s Living Wage rate for the current year exceeds an employee’s Total Compensation Rate for that year, the employee’s Hourly Wage Rate will be adjusted upwards to eliminate this differential.

d. “Total Compensation Rate” = Hourly Wage Rate x 5.0%, where the five percent multiplier accounts for all benefits, supplements and allowances under the Agreement. The parties may increase or decrease the multiplier by mutual agreement.

e. Wage adjustments required under subsection (c) will be implemented on an employee-by-employee basis; the Wage Schedule will not be adjusted.

f. An employee will never be paid an Hourly Wage Rate that is less than the Hourly Wage Rate set out in the Wage Schedule.

2. The parties agree to the following process:

a. Every two years, the parties will meet within 30 days of the recalculation of the Program’s Living Wage, to discuss and agree on any impacts of the recalculation considering the principles outlined in section 1.

b. Wage adjustments required under subsection 1(c) will be implemented by the Employer during the final pay period in June of each year.
Contact us

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