

Labour organizations and unions engagement session: A modern fair wages policy

From: Employment and Social Development Canada

Context

The Government of Canada spends close to \$25 billion every year to procure goods and services through contracts with a large number of suppliers. Approximately 1.9 million employees work for firms that have contracts with the Government of Canada.

In order to leverage these procurement contracts to help improve the lives of Canadians, the Minister of Employment, Workforce Development and Labour was asked by the Prime Minister to work with the Minister of Public Services and Procurement and the President of the Treasury Board on a modern fair wages policy.

Fair wages policies are designed to prevent suppliers from competing for government contracts on the basis of substandard wages. They typically require contractors to pay their employees above a certain threshold, defined as prevailing wages for the occupation in a given region.

There are a number of programs that place requirements on contractors who do business with the federal government, such as the Federal Contractors Program, which requires firms to seek to achieve and maintain a representative workforce, and the Procurement Strategy for Aboriginal Business, which aims to assist Indigenous business development. There are also a number of provinces, territories and cities with fair wages policies in place.

The federal government had a fair wages policy, the *Fair Wages and Hours of Labour Act*, which covered contractors and subcontractors in the construction, remodeling, repair or demolition industries. This legislation was repealed in 2014.

What the research tells us so far

Overall, compared to the total working population, employees of firms with Government of Canada contracts tend to earn higher wages and are more likely to be unionized, have retirement benefits, and work full time and year round. For example, in the construction industry, these employees earn on average \$65,534 per year, as compared with an industry average of \$59,560 per year. The table below provides an overall snapshot of employees working for firms that have contracts with the Government of Canada, compared with the total working population.

Table 1: Job Characteristics of employees working for firms that have contracts with the Government of Canada, compared with the total working population

Job characteristic	Employees of firms with government contracts	Total working population
Average annual wage (\$)	60,662	54,177
Working full time (%)*	84.4	64.3
Working year round (%)*	64.3	55.7
Represented by a union (%)*	43.7	31.7
Have a registered pension plan (%)*	46.0	28.3

Source: 2018 Labour Program analysis of Statistics Canada data.

*Percentages in these rows reflect data from employees working for the subset of firms with Government Canada contracts with contracts of at least three years' duration. This subset accounts for approximately 900,000 of the 1.9 million employees of firms with Government of Canada contracts.

There are 10 industries (out of 20 total) in which employees of firms with Government of Canada contracts are paid on average below the prevailing wage; in 7 of these industries, employees of firms with government contracts earn, on average, \$50,000 per year or more. There are also 14 occupations (out of 40 total) in which employees of firms with Government of Canada contracts are paid on average below the prevailing wage; in 12 of these occupations, employees of firms with government contracts earn, on average, \$50,000 per year or more. See **Annex A** for details.

A limitation to this analysis is that it uses national averages. It is therefore possible that employees in certain subsectors or regions have a different experience, which is not captured by the data. In

addition, the data does not include information about wages paid by subcontractors involved with Government of Canada contracts.

Questions for Discussion

We would like to focus today’s discussion on the questions below. Following today’s discussion, we would also welcome your written responses to these questions, as well as to the additional questions listed at the end of this document. Written submissions can be sent to [the fair wages inbox](#). Please send us your written submissions by February 21, 2019.

- 1. Are you aware of examples of unionized firms being undercut in bidding for Government of Canada contracts by non-unionized firms paying less than prevailing wages?
- 2. Are you aware of examples of subcontractors (domestic and/or offshore) paying less than prevailing wages?
- 3. If the Government of Canada was to implement a fair wages policy, what industries or occupations should be covered it? Should exemptions be made in certain cases?

Annex A

Wages by Industry

This table shows average annual wages of employees of firms with Government of Canada contracts, compared with the total working population, by industry group.

Table 2: Wages by Industry

Industry group	Employees of firms with government contracts (est.)*	Average wages: Employees of firms with government contracts	Average wages: Total working population	Difference (\$)	Difference (%)
Management of companies and enterprises	2,330	78,699	114,772	-36,073	-31
Finance and insurance	199,745	61,362	87,077	-25,715	-30
Mining, quarrying, and oil and gas extraction	8,480	88,634	125,366	-36,732	-29
Real estate and rental and leasing	18,635	43,873	55,390	-11,517	-21
Educational services	185,320	51,755	55,385	-3,630	-7
Utilities	28,115	94,423	100,012	-5,589	-6
Administrative and support, waste management and remediation services	76,300	33,680	35,587	-1,907	-5
Wholesale trade	111,105	67,456	68,962	-1,506	-2
Transportation and warehousing	137,245	55,213	56,181	-968	-2

Industry group	Employees of firms with government contracts (est.)*	Average wages: Employees of firms with government contracts	Average wages: Total working population	Difference (\$)	Difference (%)
Other services (except public administration)	23,435	39,968	40,083	-115	0
Professional, scientific and technical services	153,595	70,720	70,288	432	1
Public administration	428,500	69,151	67,494	1,657	2
Information and cultural industries	87,995	71,864	68,268	3,596	5
Arts, entertainment and recreation	12,960	32,100	29,480	2,620	9
Manufacturing	171,200	66,564	59,560	7,004	12
Construction	53,165	65,534	57,807	7,727	13
Health care and social assistance	186,965	54,261	47,179	7,082	15
Retail trade	47,570	40,332	33,339	6,993	21
Agriculture, forestry, fishing and hunting	6,330	42,766	35,019	7,747	22
Accommodation and food services	52,315	25,122	19,127	5,995	31

Source: 2018 Labour Program analysis of Statistics Canada data. % Difference = dollar difference divided by average wage of total working population in a given industry.

*Not all of these employees work directly on Government contracts, and therefore not all would benefit from a fair wages policy

Wages by Occupation

This table shows average annual wages of employees of firms with Government of Canada contracts, compared with the total working population, broken down by occupation group.

Table 3: Wages by occupation

Occupation group	Employees of firms with government contracts (est.)*	Average wages: Employees of firms with government contracts	Average wages: Total working population	Difference (\$)	Difference (%)
Professional occupations in business and finance	126,685	69,349	88,892	-19,543	-22
Senior management occupations	16,640	151,672	186,175	-34,503	-19
Supervisors and technical occupations in natural resources, agriculture and related production	2,980	69,652	80,583	-10,931	-14
Professional occupations in education services	99,430	56,319	64,465	-8,146	-13
Occupations in front-line public protection services	55,520	77,786	88,768	-10,982	-12
Professional occupations in health (except nursing)	22,080	68,923	77,866	-8,943	-11
Processing, manufacturing and utilities supervisors and central control operators	13,860	78,232	88,303	-10,071	-11
Harvesting, landscaping and natural resources labourers	4,725	22,263	24,640	-2,377	-10
Retail sales supervisors and specialized sales occupations	48,200	59,570	63,676	-4,106	-6

Occupation group	Employees of firms with government contracts (est.)*	Average wages: Employees of firms with government contracts	Average wages: Total working population	Difference (\$)	Difference (%)
Specialized middle management occupations	141,635	94,505	100,338	-5,833	-6
Middle management occupations in trades, transportation, production and utilities	27,095	86,906	91,352	-4,446	-5
Professional occupations in natural and applied sciences	164,765	85,003	88,949	-3,946	-4
Professional occupations in law and social, community and government services	94,390	75,248	75,316	-68	0
Transport and heavy equipment operation and related maintenance occupations	52,660	46,829	46,836	-7	0
Technical occupations in art, culture, recreation and sport	16,680	33,468	32,239	1,229	4
Trades helpers, construction labourers and related occupations	9,195	41,227	39,312	1,915	5
Technical occupations related to natural and applied sciences	112,150	70,728	67,065	3,663	5
Workers in natural resources, agriculture and	3,130	31,695	29,459	2,236	8

Occupation group	Employees of firms with government contracts (est.)*	Average wages: Employees of firms with government contracts	Average wages: Total working population	Difference (\$)	Difference (%)
related production					
Administrative and financial supervisors and administrative occupations	157,700	54,943	49,831	5,112	10
Other installers, repairers and servicers and material handlers	22,140	43,703	39,592	4,111	10
Processing and manufacturing machine operators and related production workers	19,215	47,840	43,237	4,603	11
Maintenance and equipment operation trades	47,135	75,010	66,969	8,041	12
Professional occupations in nursing	54,020	74,293	65,985	8,308	13
Finance, insurance and related business administrative occupations	15,745	57,092	50,290	6,802	14
Labourers in processing, manufacturing and utilities	16,580	35,755	31,050	4,705	15
Technical occupations in health	30,495	55,858	47,426	8,432	18
Office support occupations	113,155	43,348	36,787	6,561	18
Distribution, tracking and scheduling co-ordination occupations	74,805	51,922	43,926	7,996	18

Occupation group	Employees of firms with government contracts (est.)*	Average wages: Employees of firms with government contracts	Average wages: Total working population	Difference (\$)	Difference (%)
Sales support occupations	11,325	18,626	15,505	3,121	20
Professional occupations in art and culture	14,980	60,452	50,105	10,347	21
Service support and other service occupations, n.e.c.	62,985	26,366	21,379	4,987	23
Industrial, electrical and construction trades	52,185	73,879	59,205	14,674	25
Assisting occupations in support of health services	20,125	40,649	32,553	8,096	25
Middle management occupations in retail and wholesale trade and customer services	33,010	85,269	65,942	19,327	29
Service representatives and other customer and personal services occupations	109,185	36,613	28,028	8,585	31
Assemblers in manufacturing	23,980	58,400	44,162	14,238	32
Paraprofessional occupations in legal, social, community and education services	16,865	49,115	35,137	13,978	40
Service supervisors and specialized service occupations	20,650	38,201	26,462	11,739	44

Occupation group	Employees of firms with government contracts (est.)*	Average wages: Employees of firms with government contracts	Average wages: Total working population	Difference (\$)	Difference (%)
Sales representatives and salespersons - Wholesale and retail trade	37,180	49,633	31,980	17,653	55
Care providers and educational, legal and public protection support occupations	26,035	56,657	29,416	27,241	93%

Source: 2018 Labour Program analysis of Statistics Canada data. % Difference = dollar difference divided by average wage of total working population in a given occupation.

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