

HALIFAX

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Item No. 11.1.23
Halifax Regional Council
September 22, 2020

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by 
Jacques Dubé, Chief Administrative Officer

DATE: September 3, 2020

SUBJECT: Fair Wage/Living Wage and Social Value Framework

ORIGIN

On June 20, 2017 Halifax Regional Council passed a motion directing staff to:

1. Create a cross departmental working group to engage external stakeholders, conduct further investigation and recommend with respect to whether or not to adopt a policy framework for the consideration of social economic benefit, employee compensation/living wage and environmental impacts in the procurement process (excluding local preference) and report back to Council;
2. Report back to Regional Council with an update prior to the finalization of the 2018-2019 budget, outlining scoring options that may be identified by then and;
3. Prepare an In Camera report that outlines upcoming contracts that will be put to tender before the 2018-2019 budget is finalized.

On July 7, 2020 Halifax Regional Council approved Administrative Order 2020-004-ADM, The Procurement Administrative Order including a motion requiring “a supplementary report that develops general criteria for what are appropriate situations for applying social procurement and to define or quantify what is a “fair wage” that would be considered.”

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter

35(2)(d)(i) The Chief Administrative Officer may, subject to policies adopted by the Council, make or authorize expenditures, and enter into contracts on behalf of the Municipality, for anything required for the Municipality where the amount of the expenditure is budgeted or within the amount determined by the Council by policy, and may delegate this authority to employees of the Municipality,

79A(1) Subject to subsections (2) to (4), the Municipality may ... spend money for municipal purposes ...

RECOMMENDATIONS ON PAGE 2

RECOMMENDATION

It is recommended that Halifax Regional Council

1. Approve the adoption of a Supplier Code of Conduct (including Living Wage requirements) as per Attachment A, with an effective date of April 1, 2021;
2. Approve the adoption of a Social Value Framework as per Attachment B with an effective date of April 1, 2021;
3. Direct the CAO to investigate possibilities for the adoption of a Green Market incubation program similar to the City of Toronto's Green Market Accelerator program as a part of HalifAct 2050 as included as Attachment C; and
4. Adopt the amendments to Administrative Order 2020-004-ADM. The Procurement Administrative Order, as set out in Attachment D.

BACKGROUND

In response to the motion as it relates to Fair Wage, staff propose a more robust Living Wage requirement embedded within a comprehensive Supplier Code of Conduct addressing a variety of social matters (Attachment A). Supplier Codes of Conduct are common in both the Public Sector and the Private Sector. Jurisdictions and private entities which rely upon a formal Supplier Code of Conduct include City of Toronto, City of Edmonton, City of Vancouver, City of Ottawa, Scotiabank, TD, BMO, Loblaws, Sobeys, and others.

In addition to ethical, environmental, employment standards and workplace health and safety requirements that would apply to all contracts, staff recommend inclusion of a Living Wage requirement in the Supplier Code of Conduct for certain HRM contracts, including Solid Waste Services, Custodial and Janitorial Services, Snow and Ice Management, and Security Services as described further in this report.

In response to the motion as it relates to the application of Social Value considerations in Procurement activity, the proposed Social Value Framework is consistent with approaches taken in a number of Canadian and International jurisdictions, and the considerations therein have been validated by social and academic communities.

In reflection of the ambitions of the Social Value Framework, staff also recommend the investigation of a "no cost" Green Market support program.

DISCUSSION

The differences between minimum wage, fair wage, and living wage are as follows:

Minimum Wages are the lowest wage employers can legally pay workers according to legislation or contract. Minimum wages were first introduced in Canada in 1918 to protect female workers in certain jobs. At the time, unions felt they could more effectively ensure adequate wages for men, but women were largely unorganized and so more easily exploited. In Canada, hourly minimum wages range from a low of \$10.40 in British Columbia to \$13.00 in Nunavut. Minimum wages have not kept pace with inflation. The average remains below what it was in 1976, after adjusting for inflation. One in fourteen workers receive only the minimum wage, with women, young, racialized and part-time workers much more likely to be paid the minimum wage.

Fair Wages are minimum wage rates for specific occupations. They must be paid by contractors doing work for governments with fair wage policies. These policies generally apply to construction, trades and

sometimes cleaning and security workers, and are often tied to union wage rates. They are intended to ensure contractors pay decent wages on government contracts instead of slashing wages and benefits.

A Living Wage is the wage needed to provide the minimum income necessary to pay for basic needs based on the cost of living in a specific community. Calculations of living wages vary significantly: from about \$14 an hour in some communities to just over \$20 in Metro Vancouver and Yellowknife. Living wages rely on public and private employers voluntarily agreeing to pay them.¹

In jurisdictions with a wage policy, overall community health and welfare is improved including but not limited to access to both individual and community opportunities for education, housing, recreation and food security.

The City of Toronto introduced the first fair wage policy in 1893, before minimum wages existed. Since then the federal government, British Columbia, Saskatchewan, Manitoba, Ontario, New Brunswick, the Yukon and a number of municipalities have adopted (and sometimes, subsequently repealed) fair wage policies. Currently, municipalities with a fair wage policy include the City of Toronto, Hamilton (who rejected staff recommendation for a living wage policy in 2017), Thunder Bay, Sudbury, Oshawa and Clarington.

Based on our jurisdictional scan, there are common benefits to either Fair Wage or Living Wage as both approaches address the potential advantages listed. However, there is no discoverable KPI or cost implication data that has been reported by any jurisdiction.

Implementing Fair Wage

A Fair Wage schedule consists of lists of classifications and minimum pay rates. Pay rates may refer to either the basic wage or to total compensation. A Fair Wage Schedule may also provide for mandatory payment of overtime beyond a certain threshold. Each of the terms – classifications, pay rates and overtime – needs to be defined by the Fair Wage Policy. If a Fair Wage Policy uses total compensation, the policy needs to define the components of remuneration that are included in total compensation.

Wage Schedules are usually sector-specific adding a level of complexity to the definition of a “fair wage” For example, an excavator operator working in the construction demolition sector may have a different prevailing wage than someone performing the same duties in landscaping.

To relieve complexity, in most jurisdictions including the Federal Government, fair wage policies are restricted to Construction Services with the Fair Wage schedules defined in relation to applicable trade union collective agreement rates and then applied to both unionized and non-unionized contractors. Understanding HRM is not privy to the wages that construction contractors pay their non-unionized labour it would be difficult to judge on a financial basis what such an approach would cost the Municipality or the benefit to the community.

The “construction only” approach also fails to recognize sectors which are a) non-construction related and b) traditionally non-unionized such as custodial services, security services, snow and waste management and lawn-care services. The City of Toronto’s fair wage policy includes traditionally non-unionized services and their current schedule contains values for those types of services (such as janitorial and security services) that are equal or near to the minimum wage for the Province of Ontario.

Jurisdictions who have adopted Fair Wage policies have created committees or, in the case of Toronto and some others, administrative offices and functions to support the creation, updating of schedules, and compliance of the policy. A May 2019 feasibility study in the City of Vaughan estimated an annual cost of \$186,000 to create such an office in that city. The same study estimated Vaughan’s cost to survey stakeholders and create the wage schedule every three years with the highest level of accuracy at \$120,000 to \$150,000.

¹ <https://cupe.ca/minimum-living-and-fair-wages-whats-difference>

Fair wage is best adopted in the Construction sector since it is a market driven approach and the construction sector has an abundance of prevailing wage data as a result of trade unionization of the sector. As stated, in the majority of jurisdictions, a fair wage policy does not overtly benefit other services sectors. Being sector and service specific, fair wages are not consistent. Therefore, the direct cost implications of adopting a Fair Wage approach to Municipal contracts is not quantifiable until the sector/service rates are defined by HRM. Notwithstanding the inability to estimate the direct cost of "Fair Wage" on HRM contracts, if HRM were to adopt a fair wage for construction approach, the administrative costs could be estimated to be not dissimilar to those estimated in Vaughan. A more robust approach which includes non-construction services would increase the estimated administrative costs due to the increased level of effort.

Implementing Living Wage

On September 2, 2020 the Canadian Council for Policy Alternatives (CCPA) published their report which determined that Halifax's current living wage is \$21.80/hr. CCPA is a member organisation of Living Wage Canada. As the living wage is officially updated HRM will adjust its living wage for those solicitations that occur after the revised living wage is in place. Living Wage Canada indicates on its website that "the living wage is calculated as the hourly rate at which a household can meet its basic needs, once government transfers have been added to the family's income (such as the Universal Child Care Benefit) and deductions have been subtracted (such as income taxes and Employment Insurance premiums)."²

"For individuals and families, a living wage:

- enables working families to have sufficient income to cover reasonable costs;
- promotes social inclusion;
- supports healthy child development principles;
- ensures that families are not under severe financial stress;
- is a conservative, reasonable estimate;
- engenders significant and wide-ranging community support; and
- is a vehicle for promoting the benefits of social programs such as child care"³

Potential Advantages of a Living Wage Approach in Contracts

- level playing field for wages may result in better quality of work;
- increased investment in training and apprenticeships by businesses;
- greater investment in health and safety training of workers;
- easier to recruit new apprentices and increase the representation of underrepresented groups in the skilled trades by making careers in these occupations more appealing;
- benefit non-unionized workers;
- more community benefit than fair wage approach
- less administration costs than fair wage approach; and
- discourage underground economy of cash payments and workers inappropriately classified as independent operators.

Potential Disadvantages of a Living Wage Approach in Contracts

- increased labour costs that would ultimately be borne by taxpayers;
- present barriers to new businesses wishing to bid work;
- administrative burden for small and medium sized businesses;
- difficult for businesses to remain competitive in the wider market;
- reduce pool of businesses willing and able to supply the Municipality with goods and services;

² http://livingwagecanada.ca/files/8714/4500/2147/Living_Wage_Full_Document_oct_2015.pdf

³ http://livingwagecanada.ca/files/8714/4500/2147/Living_Wage_Full_Document_oct_2015.pdf

- relies on third parties to define the wage; and
- difficult to measure the benefits of a Wage Policy”⁴

Living wage polices have been adopted by the City of Vancouver, City of Victoria, Port Coquitlan, City of Edmonton, City of Brantford, City of New Westminster and others.

There are a number of certification models that operate in Canada at the moment and they differ slightly in terms of how they implement the above conditions. For example, there are different definitions of applicable service contracts and unique ways to calculate benefits contributions.

An agreed upon national criterion for the certification of Living Wage Employers throughout Canada does not currently exist and a number of existing and potential Living Wage employers operate across Canada with no way of certifying them on a national basis.

Living Wage Canada, under their National Living Wage Framework, is working with existing Living Wage Certification processes to develop a national Living Wage Employer Certification Criteria that can be implemented locally by communities. The National Framework for a Living Wage calculates a living wage that would allow two income earners to support a family of four. “This methodology assumes the following scenario:

- A healthy family of 4 with 2 children
- 1 child in full-time day care, 1 in before-and after-school care
- Full Time hours of employment between two parents
- One parent taking evening courses at a local college to improve employment capacity
- Costs of living including transportation, food, rental housing, clothing, childcare, medical expenses and other
- Inclusion of tax credits, returns and government benefits; namely child tax benefits”⁵

“Thus, the living wage is the hourly rate of pay at which a household can meet its expenses once government transfers have been added and government deductions from wages and government taxes have been subtracted.”⁶

“Annual Family Expenses = Income from Employment (Living Wage) + Income from Government Transfers – EI & CPP Premiums, CCB and Federal and Provincial Tax”⁷

In addition to imposing Living Wage requirements on their contractors, some jurisdictions including Vancouver have opted to become certified Living Wage Employers. A ‘Living Wage Employer Certification Process’ certifies employers (both public and private) of their commitment to pay their staff and contracted service staff a Living Wage based on the locally calculated rate. The following general conditions apply to certified Living Wage Employers:

- All direct staff will be paid a locally calculated living wage
- A legally binding contract clause will be inserted in all future/renewed service contracts to ensure that all contracted service workers are paid the living wage
- In assessing an employer’s suitability, account is taken of employee benefits and employee commission/tips
- Certification is periodically reviewed when changes are made to the Living Wage rate

Considering total compensation, the minimum remuneration for a full-time permanent Municipal employee currently exceeds the locally calculated Living wage of \$21.80/hour (per Living Wage Canada and the Canadian Council for Policy Alternatives).

⁴ City of Brampton, Report, Committee of Council, 2020-05-6, Fair Wage Policy and Community Benefits

⁵ http://livingwagecanada.ca/files/8714/4500/2147/Living_Wage_Full_Document_oct_2015.pdf

⁶ http://livingwagecanada.ca/files/8714/4500/2147/Living_Wage_Full_Document_oct_2015.pdf

⁷ http://livingwagecanada.ca/files/8714/4500/2147/Living_Wage_Full_Document_oct_2015.pdf

A Living Wage approach includes a universal consideration of a single living wage which is defined, reported and updated by an independent third party, eliminating many of the operational costs of administration and may be seen to be targeted to the most “at-risk” sectors of HRM’s contracted workers.

To minimize the impact on current approved Operating Budgets and our existing service providers, staff propose that the Living Wage approach for HRM would only be applied to new contracts, allowing a smoother and more controlled transition to the new requirements for both HRM Departments and their Contractors. This approach would exclude construction services which are generally constrained by collective agreements with the thirteen (13) building trades unions affiliated with the Mainland Nova Scotia Building Trades Council and instead focus on contracted services. The Construction Sector does have social value challenges including current and forecasted labour shortages, diversity challenges and evidence of a lack of female employment and equity. These challenges in particular are best dealt with through the diversity, equity and workforce development strategies found in the Social Value Framework. Contracted services are operational in nature, performed on Municipal worksites, and have been contracted out by the Municipality. Payment for services is generally structured using set rates. Examples of contracted services include, but are not limited to, hired operated equipment (snow removal, street sweeping), custodial services, security services, and solid waste collection services. For the purposes of this report, contracted services also exclude consulting services, professional services, IT-related services.

Due to the large number of contracts and externally contracted staff, certifying organizations recognize that not every Municipal contracted service can have a living wage requirement. Living Wage Employers typically apply some defensible criteria to determine which contracts fall within the scope of the policy. To determine the appropriate criteria for the HRM, a jurisdictional search of other provincial and municipal living wage policies was conducted. Based on the experience of those organizations staff have applied the following parameters to determine in-scope contracts and vendors:

- service is provided on Municipal sites including streets, roads and parks;
- contractor or its subcontractors provide regular and on-going services to the City;
- work must last longer than one continuous hour per occasion;
- service is provided on a regular ongoing basis; contractor must perform services over 120 hours per year, the equivalent of three (3) 40-hour weeks.

Summary

In summary, Fair Wage, while easier to apply in the Construction Sector, can be a complex approach to applying wage requirements to contracts, requires proactive maintenance and monitoring of a large number of sector and employment data by the Municipality, does not address the affordability of living in a community and is not commonly used to assign requirements to “operational services” such as Janitorial, Custodial, Security and other non-trades labour. Living Wage, being a single value defined annually by an independent third party, is easier to maintain and monitor, addresses the affordability of living in a community and since it is a universal value in the jurisdiction where it is defined, can be applied across any sector. In consideration of the above, staff recommend adoption of a Living Wage approach to HRM’s contracting activity.

Social Value

Staff also recommend that Council adopt the attached Social Value Framework for Procurement (Attachment B).

“The objective of Social Value Procurement is to leverage resources & relationships that:

- Increase economic opportunities
- Diversify the Supply Chain: promote social value businesses that have a recognized certification and/or are owned/controlled by an equity seeking population (including but not limited to non-profits/ co-ops, women, Indigenous persons, people with disabilities, LGBTQ+)
- Improve economic independence and capacities
- Promote workforce diversity – underemployed, unemployed, under-represented groups

- Advance inclusion, reconciliation, equity and diversity”⁸

In a Halifax context, diversity targets specifically include providing opportunities for African Nova Scotian, Mi'kmaq and Acadian suppliers, workers and trainees to benefit from inclusion in the Municipality's Supply Chain.

The Need for Social Impact Opportunity Assessments

A social impact opportunity analysis examines the spend categories within an organization and identifies potential social procurement opportunities.

“Completing a social impact opportunity analysis early in the procurement process will help ensure that the proper contracts are chosen to insert social value. This early stage is also the time when organizational priorities and outcomes are discussed. Organizations can identify a societal outcome they want to achieve and then identify how it can be achieved in upcoming contracts. Complimenting a social impact opportunity analysis is the completion of a supplier market analysis. When the time comes to add social impacts into contracts, an assurance that suppliers can meet the requirements must first be done. For example, if a contract requires four hundred hours of work, then a supplier has to be able to fulfil those four hundred hours. Although a particular contract may appear to provide opportunity to insert social impact, without a supplier readily available it will not be successful. Completing these steps sets a team up for success in achieving social value in their procurement activities”.⁹

Prior to including specific Social Value considerations in any major procurement, HRM should assess the potential social value of both the Procurement and the contract. These considerations include community impact, reach, workforce and training potentials, inclusion, environment and other social factors in relation to the market's ability to respond. There is no “one size fits all” solution to Social Value Procurement.

Under the Framework, a Social Procurement lens will be applied to all procurement activity, regardless of value, and, social benefit requirements will be included in contracts valued at \$1,250,000 or above where the project is found, via a mandatory review/assessment process, to be a good social benefit delivery vehicle. Having a set of criteria, except as described in general terms in the proposed framework is difficult.

Advancing Social Procurement through Unbundling Contracts

While operational efficiency and cost considerations are traditionally dealt with by consolidating contracts to encourage a “one supplier” approach, this often results in a lack of ability for small to medium business and social enterprises to respond to procurement activities. Procurement and Departments must collaborate to balance operational considerations with business opportunities where it is appropriate, the unbundling of so-called “omnibus” standing offers can encourage social value businesses to respond to smaller and more focused scopes of goods or services.

Advancing Social Value through Simplification

Many small to medium businesses find Public Procurement processes to be overly complex. Procurement can support these businesses by simplifying RFP processes and contract requirements for smaller value/low risk procurement.

Advancing Social Value through Workforce Development

There are models from multiple jurisdictions that support workforce development via the procurement process including most recently a pilot project by the Province of Nova Scotia that requires inclusion of apprentices and under-employed communities in the construction of public schools in the Cape Breton

⁸ City of Vancouver Social Value Procurement Background, FAQ and Myths

⁹ Social Procurement State of Practice by Dustin Lubick

region. Some jurisdictions require that all infrastructure projects exceeding a described value include a workforce development component. Many Canadian jurisdictions apply an evaluation to projects to provide a possible advantage to those bidders who support social value based on a points system. Subject to the social goals of the procurement activity, HRM will take advantage of this methodology for RFPs.

Supporting small to medium business and diverse groups through subcontracting

Subcontracting can provide an opportunity for businesses to partner with other businesses that are able to deliver social value. Within a social procurement framework, subject to the social goals of the procurement activity, HRM will require or evaluate a contractor's ability or desire to subcontract part of their work to a targeted group which may include certified diverse suppliers, minority business and small to medium businesses. If there are requirements to subcontract to specific suppliers, it must be included in the bid document prior to the contract being awarded. Examples of this include Canadian Government's Procurement Strategy for Aboriginal Business (PSAB) under which contractors are encouraged to subcontract to Aboriginal businesses when they need to fulfill a federal government requirement and the US Federal Small Business Act, under which all federal procurement over \$700,000 (\$1.5 million for construction) must have a small business subcontracting plan.

Advancing Social Value via Supplier Diversity

The Procurement Policy currently requires that bids via invitation include, where there is a diverse supplier known and available, that at least one diverse supplier be included in the solicitation. Following the model of other jurisdictions in Canada and internationally, a diverse supply chain evaluation process may be undertaken in publicly advertised solicitations as well.

Advancing Social Value through Green Innovation.

Although it is evident that innovation and economic growth are means to provide social value, in the ICT sector, there are limited opportunities for HRM to foster economic growth, new and innovative technologies and "startup" businesses through the evaluation of Social Value in the Procurement process. Staff recommend investigating an approach within HalifACT2050 to encourage local development of Green innovation. In consideration of the scrutiny and risks around the acceptance of unsolicited proposals, staff do not recommend the universal consideration of unsolicited proposals. However, there is a model in Toronto, separate from their Procurement policy, which focuses on unsolicited procurement for green technology innovation (the Green Market Acceleration Program). Under this approach, Toronto provides local firms and foreign investors with an opportunity to collaborate with the City in order to accelerate the development and commercialization of "made-locally" green technologies. The types of activity considered include products and services that support the use of natural resources more effectively or efficiently, as well as solutions that support energy efficiency, electric vehicles and green transportation, renewable energy, green buildings, resource management and bio-products. Under the Toronto policy, unsolicited proposals to develop technologies related to the green economy are evaluated and accepted under the condition that the development of the products or services there is no financial cost to the City and that the City provides support including access to infrastructure and data and in-kind contribution of human resources. Any successful development that Toronto has interest in purchasing subsequently needs to be either put to market or meet the requirements for Alternative Procurement. Toronto's outline of the program is included as Attachment C

FINANCIAL IMPLICATIONS

Staff have calculated the below data based on a "highest impact" living wage scenario, based on average actual spend, the estimated percentage of labour included in contracts and average wages. Note that these are "best guess" impacts and are not exact values. Average Labour rates are based on data from Indeed.com (Nova Scotia average rate).

Snow – (all including streets, sidewalk, trails and facilities)	All Contracts (2019)
% of labour ₁	35%
Avg labour rate in Nova Scotia	\$17.44
Living Wage	\$21.80
Total Average Spend	\$22,110,822
Total Average Spend on Labour	\$7,738,788
Financial impact on Labour	\$9,673,485
Additional \$ spent per year on Labour	\$1,934,697
Total Cost under Living Wage Excluding Vendor Markup on Labour	\$24,045,519

Waste Removal – Collection and Transportation of Household Waste	All Contracts excluding Otter Lake (2019)
% of labour ₂	35%
Avg labour rate in Nova Scotia	\$14.37
Living Wage	\$21.80
Total Average Spend	\$17,634,578
Total Average Spend on Labour	\$6,172,102
Financial impact on Labour	\$9,363,384
Additional \$ spent per year on Labour	\$3,191,281
Total Cost under Living Wage Excluding Vendor Markup on Labour	\$20,825,859

Waste Removal (Facilities)	All Contracts (2019)
% of labour ₂	35%
Avg labour rate in Nova Scotia	\$14.37
Living Wage	\$21.80
Total Average Spend	\$239,553
Total Average Spend on Labour	\$83,844
Financial impact on Labour	\$127,194
Additional \$ spent per year on Labour	\$43,350
Total Cost under Living Wage Excluding Vendor Markup on Labour	\$282,903

Grass Mowing and Landscape Services	All Contracts (2019)
% of labour ₂	30%
Avg labour rate in Nova Scotia	\$15.48
Living Wage	\$21.80
Total Average Spend	\$1,344,958
Total Average Spend on Labour	\$403,487

Financial impact on Labour	\$568,218
Additional \$ spent per year on Labour	\$164,731
Total Cost under Living Wage Excluding Vendor Markup on Labour	\$1,509,689

Custodial	All Contracts (2019)
% of labour ³	70%
Avg labour rate in Nova Scotia	\$12.69
Living Wage	\$21.80
Total Average Spend	\$3,786,756
Total Average Spend on Labour	\$2,650,729
Financial impact on Labour	\$4,553,656
Additional \$ spent per year on Labour	\$1,902,927
Total Cost under Living Wage Excluding Vendor Markup on Labour	\$5,689,683

Security	All Contracts (2019)
% of labour ⁴	55%
Avg labour rate in Nova Scotia	\$14.43
Living Wage	\$21.80
Total Average Spend	\$3,044,199
Total Average Spend on Labour	\$1,674,309
Financial impact on Labour	\$2,529,448
Additional \$ spent per year on Labour	\$855,139
Total Cost under Living Wage Excluding Vendor Markup on Labour	\$3,899,338

	All Contracts (2019)
Original Value of Impacted Contracts	\$48,160,866
Additional \$ spent on Labour of Impacted Contracts	\$8,092,125
Revised Value for Impacted Contracts	\$56,252,991
Percentage Impact on ALL Contracts	16.8%

¹ City of St. John's Review of Winter Maintenance Services Final Report Feb 2014 (KPMG)

² Staff estimate

³ Cleanlink.com

⁴ SecurityInfoWatch.com

The average wages listed above are based on surveys by "indeed.com" and may not reflect the actual paid by our contractors and service providers and therefore the actual impact may differ from the above analysis.

The revised value for impacted contracts is \$56,252,991 as listed above, for comparison purposes, this would comprise of 5.9% of the total expenditures in the 2020 budget. The estimated potential impact of imposing a Living Wage requirement on all the operational contracts listed above would be an increase of \$8.1M or 16.8% of the value of those contracts. The increase in costs will occur over time as the living wage is imposed to new and retendered contracts.

The financial implications are reflective of the cost of providing a living wage, it does not quantify the community benefit that is achieved from providing workers with a living wage.

Although the requirement to pay living wage to employees will not apply to MDF's or other facility boards, the financial implications do include their purchases via our standing offer agreements. Since they are required via their management agreements to utilize HRM standing offers, their costs for the services listed here will increase in proportion to any cost increases incurred over time by the Municipality.

RISK CONSIDERATION

Adoption of a Living Wage approach to contracting for "operational" services may result in increased costs in HRM service contracts per the above Financial Implications.

Although the wages of full-time staff exceed living wage, if a Living Wage contracting approach is adopted contracted laborers may earn more than some casual, part-time or seasonal HRM and Library staff (lifeguards, fitness instructors, trainers, etc.)

Some suppliers may not bid on HRM contracts if they need to maintain separate payroll schedules for HRM vs other customers.

Procurement and Departments may not have existing skilled resources to support the Supplier Code of Conduct or the Social Value Framework.

COMMUNITY ENGAGEMENT

The Nova Scotia Construction Sector Council and the Mainland Nova Scotia Building Trades Council provided input regarding Social Value in Capital Construction projects. Due to the timelines afforded by Council for the presentation of this report, no other Community, Industry or Internal consultation was performed.

ENVIRONMENTAL IMPLICATIONS

Positive Environmental implications are inherent in the application of the Social Value Framework.

ALTERNATIVES

1. Council could direct staff to implement living wage based on the model currently used in Vancouver targeting only those contracts with a total value exceeding \$250,000. Based on the estimates included above, the total financial impact of adopting a living wage for only those contracts exceeding \$250,000 per year could be an increase of \$2,614,765 per year excluding net HST on those contracts, or 5.4% of the total annual operational services contract spend, which would result in a 0.55% increase to the total operating budget. This would result in 25% of Custodial contracts being exempt from the living wage requirement. The unbundling of standing offers to encourage participation of small to medium business and social enterprises could result in more exemptions to the requirements.,
2. Council could adopt the Supplier Code of Conduct and Social Value Framework with "Fair Wage" requirements instead of "Living Wage" requirements. This is not recommended as HRM does not have the data nor the resources that would be required to create and maintain a Fair Wage schedule and resulting program and such a program may not benefit the desired demographic. Based on the research performed by the City of Vaughan, adopting fair wage could include additional support and administrative costs of \$186,000 to set up, followed by recurring costs to maintain.

3. Council could adopt the Supplier Code of Conduct and Social Value Framework without the Living Wage considerations and direct staff to return to Council with recommendations to create a separate Living Wage or Fair Wage Policy that is external to the Procurement Administrative Order.

ATTACHMENTS

Attachment A – Proposed Supplier Code of Conduct
Attachment B – Proposed Social Value Framework
Attachment C – City of Toronto Green Market Accelerator Program
Attachment D – Amendments to Procurement Administrative Order

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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Attachment A: Supplier Code of Conduct

1. Application

- 1.1 The effective date for this Supplier Code of Conduct is April 1, 2021
- 1.2 The provisions of this Supplier Code of Conduct set forth Halifax Regional Municipality's expectations for all suppliers (and their subcontractors) with whom the Municipality does business.
- 1.3 Suppliers and their subcontractors shall comply with all provisions of the Supplier Code of Conduct and with all applicable laws and regulations in the jurisdiction(s) where the Supplier operates with respect to manufacturing of goods, development and protection of intellectual property rights, delivery of services and construction, and ethical business practices. This includes but is not limited to those laws relating to working conditions, human rights, health and safety, and the environment. Where applicable laws and this Supplier Code of Conduct address the same issue, the standard that is most stringent will apply.
- 1.4 The purpose of compliance with this Supplier Code of Conduct is to ensure that all suppliers and their subcontractors, regardless of their place of operation, adhere to a consistent set of minimum performance standards related to social responsibility, environmental standards, ethics, human rights and fair workplace practices.

2 Child Labour

- 2.1 The supplier and its subcontractors must commit to a zero-tolerance policy toward the use of child labour in the provision of any goods or services to the Municipality. The term "child" refers to any person under the age of 16. The use of legitimate workplace apprenticeship programs, which comply with all laws and regulations, is permitted.

3 Forced Labour

- 3.1 Suppliers and their subcontractors shall not:
 - a) Use forced, illegal or involuntary prison labour, including indentured or bonded labour, or any form of compulsory labour in the production of Goods or Services.
 - b) Require workers to lodge deposits or their identity papers as a condition of employment, or financially penalize workers for resigning.
 - c) Require any foreign contract worker to remain in employment for any period of time against his or her will or burden workers with any required agency recruitment commissions.

4 Equity and Non-discrimination

- 4.1 In hiring and employment practices such as promotions, rewards, and access to training, neither the supplier nor its directors, officers, or employees will engage in discrimination based on race, religious beliefs, colour, gender, gender identity, gender expression, physical or mental disability, ancestry, marital status, family status, source of income, age, place of origin, and sexual orientation. In addition, workers or potential workers shall not be subjected to unlawful or discriminatory medical tests.

4.2 Suppliers and their subcontractors shall not interfere with the exercise of the rights of personnel to observe tenets or practices, or to meet needs relating to race, caste, national origin, religion, disability, gender, sexual orientation, union membership or political affiliation.

4.3 Suppliers and their subcontractors shall not permit or condone behavior including gestures, language and physical contact, that is coercive, threatening, abusive or exploitative.

5 Disciplinary Practices

5.1 Suppliers and their subcontractors must ensure their employees are treated with respect and dignity and that disciplinary policies and procedures are clearly defined and communicated to employees. The supplier and its subcontractors must ensure that its employees are not subject to inappropriate treatment, including any personal or sexual harassment, nor to the threat of any such treatment.

5.2 Suppliers and their subcontractors shall not retaliate against or discipline any employee for reporting harassment or other inappropriate treatment in the workplace.

6 Hours of Work

6.1 Suppliers and their subcontractors shall comply with all applicable employment standards and related law and legislation in the jurisdiction(s) of production or services with respect to hours of work, vacation pay, overtime hours and overtime pay.

7 Wages

7.1 Suppliers and their subcontractors will at a minimum meet legislated minimum wage rates and comply with all employment standards and related law, legislation and applicable collective agreements in the jurisdiction(s) of production or services with respect to compensation, including wages and benefits.

8 Living Wage Requirement

8.1 For Services contracts where outsourced labour is performed on a regular, ongoing basis (such as custodial work, security services, solid-waste collection, grass mowing and snow removal), suppliers and their subcontractors shall pay, at minimum, a “living wage” to their employees when such employees are assigned to operational duties within HRM-owned or operated buildings, parks, streets, sidewalks, rights of way, playgrounds or parking lots. For the purposes of this paragraph, “living wage” is the living wage rate for Halifax, Nova Scotia as defined, calculated and published by Living Wage Canada as of the date that the call for bids is published

8.2 Notwithstanding the foregoing, the requirement to pay a living wage is not applicable to:

- a) contracts entered into and contracts tendered or retendered prior to this Code of Conduct coming into force;
- b) students, interns and practicum placements for summer projects, etc
- c) contracts requiring fewer than 120 total person-hours of service per year;
- d) ad hoc contract work (for example emergency or non-recurring repairs or maintenance where no standing contracts are in place);

- e) Construction Services
- f) volunteers;
- g) employees of organizations (for profit or not-for-profit) that lease property from the City;
or
- h) social enterprise.

8.3 Suppliers and their subcontractors shall, upon request, provide the Municipality with evidence of their compliance with the living wage requirements set out herein.

9 Freedom of Association and Collective Bargaining

9.1 The supplier and its subcontractors must work directly with employees to find solutions to any outstanding legal and employment issues while at all times respecting worker rights to obtain representation, join labour unions, and bargain collectively. Workers must be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment

10 Health and Safety

10.1 Suppliers and their subcontractors shall meet or exceed the requirements of all occupational health and safety codes and related law and regulations in the jurisdiction(s) of production or where the services are being performed. At minimum suppliers and their subcontractors shall:

- a) Provide a safe and healthy working environment and take adequate steps to prevent accidents and injury to health arising out of, associated with or occurring in the course of work by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment;
- b) Appoint a representative responsible for the health and safety of all personnel, and accountable for the implementation of the Health and Safety elements identified in this Supplier Code of Conduct;
- c) Ensure that all personnel receive regular and recorded health and safety training (in a language understood by the worker) and that such training is repeated for new and reassigned personnel;
- d) Establish systems to detect, avoid or respond to potential threats to the health and safety of all personnel;
- e) Provide for use by all personnel, clean bathrooms, access to potable water and, if appropriate, sanitary facilities for food storage.

11 Environmental Stewardship

11.1 In June 2020, Halifax Regional Council adopted HalifACT 2050. HalifACT 2050 is a commitment to reducing emissions, switching to clean and reliable energy sources and demonstrating local government leadership. This transformational plan aligns the Municipality's efforts to support an equitable shift to a low-carbon economy by 2050. The plan will also help communities adapt by raising awareness about climate hazards and helping them better prepare. In addition to the environmental benefits, the implementation of this plan will lead to economic opportunities, healthier communities and a more resilient Halifax. In support of the plan:

- a) Suppliers and their subcontractors must seek to conduct their businesses in an environmentally responsible way, offering or using environmentally responsible products and services to the extent available, all with the goal of assisting in the reduction of any negative impact on the environment.
- b) Suppliers and their subcontractors shall mitigate their greenhouse gas ("GHG") emissions, which may include establishing GHG emissions reduction targets, undertaking projects focused on operational efficiencies and technological improvements, and offering low-carbon products and services to HRM
- c) Suppliers and their subcontractors shall undertake initiatives to promote greater environmental responsibility, such as implementing policies and programs relating to reducing water, waste, energy and paper consumption.
- d) Suppliers and their subcontractors shall incorporate climate change risk assessment into their risk management procedures.

12 Conflicts of interest or unfair advantage.

12.1 Suppliers must declare and fully disclose any actual or potential conflict of interest or unfair advantage related to the preparation of their bid or where the supplier foresees an actual or potential conflict of interest in the performance of the contract. Such potential conflicts of interest or unfair advantages include, but are not limited to:

- a) Engaging current or former Municipal employees to take any part in the preparation of the bid or the performance of the contract if awarded, any time within two (2) years of such persons having left the employ of the Municipality;
- b) Engaging any family members, friends or private business associates of any Municipal employee which may have, or appear to have, any influence on the procurement process, or subsequent performance of the contract;
- c) Prior access to confidential Municipally-owned information by the supplier, or affiliated persons, that is materially related to the solicitation and that was not readily accessible to other prospective suppliers; or
- d) The supplier or its affiliated persons are indebted to or engaged in ongoing or proposed litigation with the Municipality in relation to a previous contract

13 Confidential Information

13.1 Suppliers and their subcontractors may, by virtue of their dealings with the Municipality, come into contact with confidential information in respect to the Municipality, including its business partners, citizens and employees. Suppliers and their subcontractors must comply with all legal and contractual restrictions with respect to the handling of confidential information and where required must have appropriate policies and procedures in place to comply with applicable laws and regulatory requirements regarding the management of confidential information (such as information barriers or “ethical walls”) and must prevent inappropriate access or disclosure of confidential information.

14 Publicity

14.1 Suppliers and their subcontractors must not make any promotional statements (whether on company websites or via social media or otherwise), issue any media releases or distribute any marketing materials referencing the Municipality or Municipal trademarks or logos, unless the Municipality has approved each proposed use in advance, or such use is expressly permitted in an existing agreement with the Municipality.

15 Ethical Standards

15.1 Suppliers and their subcontractors must comply with high ethical standards in doing business, including but not limited to the following:

- a) Refrain from exerting pressure of any kind on or offering money or gifts to employees, officials or directors of any entity sourcing goods, services, intellectual property rights, or construction, whether through a competitive or non-competitive sourcing process, in order to gain an advantage of any kind over other participants or potential participants in the sourcing process;
- b) Comply with all applicable domestic and international laws;
- c) Abide by any standards, rules, and codes of conduct set out by any bodies which govern the supplier;
- d) Without limiting the foregoing, refrain from engaging in any reviewable conduct or offences under the Competition Act;
- e) Refrain from knowingly providing inaccurate or misleading information in response to any kind of invitation to submit a bid or proposal;
- f) Refrain from intimidating or attempting to intimidate any other participants or potential participants in any competitive or non-competitive sourcing process;
- g) Refrain from engaging in questionable or unethical financial practices;
- h) Refrain from engaging in any deceptive marketing practices; and
- i) Refrain from engaging or attempting to engage in any other corrupt or otherwise unethical business practices.

16 Implementation and Compliance

- 16.1 The Municipality expects all its suppliers and their subcontractors to comply with the Supplier Code of Conduct and to actively do their best to exceed the Municipality's standards.
- 16.2 The Municipality's suppliers and their subcontractors have an obligation to inform their employees about the Supplier Code of Conduct and appropriate avenues of complaint. This Code of Conduct shall be communicated to all employees and posted in both English and the local language of the employees, in an area accessible to all employees.
- 16.3 The Municipality reserves the right to require suppliers to provide details on factory and production facility locations.
- 16.4 The Municipality reserves the right to ask for proof of compliance with all applicable labour, health, safety and environmental laws, and may inspect work locations at any time (or request independent verification of compliance). Suppliers must maintain current and sufficiently detailed records to substantiate their compliance with the Supplier Code of Conduct and the Municipality may ask that they are independently verified at the supplier's expense.
- 16.5 On-going or unresolved non-compliance with the Supplier Code of Conduct may be considered as grounds for termination of contract and/or disqualification from future procurement opportunities.

Attachment B - Social Value Framework

1. Application

- 1.1. The effective date for this Social Value Framework is April 1, 2021
- 1.2. This Framework shall apply to all Municipal purchases of Goods, Services and Construction except purchases for time and materials-based consulting services and purchases made from prequalification lists (rosters).

2. Social Impact Opportunity Analysis

- 2.1. The Procurement Section shall develop appropriate tools to determine the potential for achieving social impacts or social value in Procurement activities.
- 2.2. The Procurement Section and the ordering Department shall consider community impact, reach, workforce and training potential, inclusion, environment, and other social factors, as well as the market's ability to respond.
- 2.3. Unless it is determined that it is not appropriate or practical, all procurement opportunities with estimated values of \$1,250,000 or greater shall include evaluation criteria and/or contract requirements that aim to achieve social impacts or social value.
- 2.4. Unless it is determined that it is not appropriate or practical, all Requests for Pre-Qualification and Request for Proposals issued by the Procurement Section, regardless of value, will contain evaluation criteria that aim to achieve social impacts or social value, and clearly identify to proponents the types of strategies that can be proposed to address the associated evaluation criteria. The evaluation team will include the appropriate staff with relevant/appropriate experience to evaluate proposals.
- 2.5. Requests for Quotation and Tenders shall set out any mandatory submission or contract requirements related to social impact or social value.

3. Supplier Diversity

- 3.1. The Procurement Section shall develop and maintain a list of diverse supplier certification organizations which may be accessed by staff to identify certified diverse suppliers.
- 3.2. Departments shall seek at least one (1) quotation from a diverse supplier when making a Low Value Purchase.
- 3.3. Where The Procurement Section shall seek at least one (1) quotation from a diverse supplier when making a purchase via an invitational process.
- 3.4. All publicly advertised Requests for Quotations and Tenders will include language to encourage bidders to develop or adopt a supplier diversity policy that aims to include diverse suppliers in their supply chain.

4. Standing Offers and Small to Medium Businesses

- 4.1. The Procurement Section in consultation with Departments shall review standing offer agreements prior to renewal or re-tendering to assess the ability for small to medium local business to respond to the call for bids and, where appropriate, reduce the scope of the standing offer based on the following considerations:
 - a) Is the standing offer so comprehensive in its nature that small to medium businesses are unable to respond?
 - b) Does the standing offer include universally available Goods as well as specialized Goods that may restrict competition?
 - c) Would the unbundling of the Goods have an unreasonable adverse effect on the Municipality?
 - d) Can the call for bids be reduced in scope in compliance with the Procurement Policy and applicable Trade Agreements?

5. Workforce Development and Employment Equity

- 5.1. For all calls for bids with an anticipated value above \$1,250,000 (including option years) the Procurement Section and the ordering Department will review all bid documents to determine if Workforce Development or Employment Equity requirements should be included on the basis of the following principles:
 - a) Suitability – the degree to which possible employment-related opportunities can provide candidates with meaningful experience, learning and skill development.
 - b) Reach – the degree to which candidates can meet the minimum qualifications needed to access possible employment opportunities.
 - c) Volume – the number of employment opportunities that could be offered as part of the project.
 - d) Feasibility – likelihood that workforce development outputs can be achieved within the proposed timeframe of the contract.
- 5.2. Where opportunities for workforce development and/or employment equity are identified in a Procurement process, bidders will, as part of the procurement process, be required to provide to HRM a commitment respecting workforce development and/or employment equity in the event their bid is accepted.

6. Environmental Stewardship

- 6.1. The Procurement Section and ordering Departments will integrate environmental stewardship and life-cycle principles in procurement planning and practices.
- 6.2. The Procurement Section and ordering Departments will use appropriate standards (eg. LEED, EPeat, FSC, and others) to achieve environmental outcomes and value for money (i.e. appropriate balance of factors, such as cost, performance, availability, quality, and environmental performance).
- 6.3. When creating a standing offer the Procurement Section will seek to include environmentally preferable options (i.e. that have a lesser or reduced impact on the environment over the life cycle of the good or service, when compared with competing goods or services serving the same purpose) to user Departments.

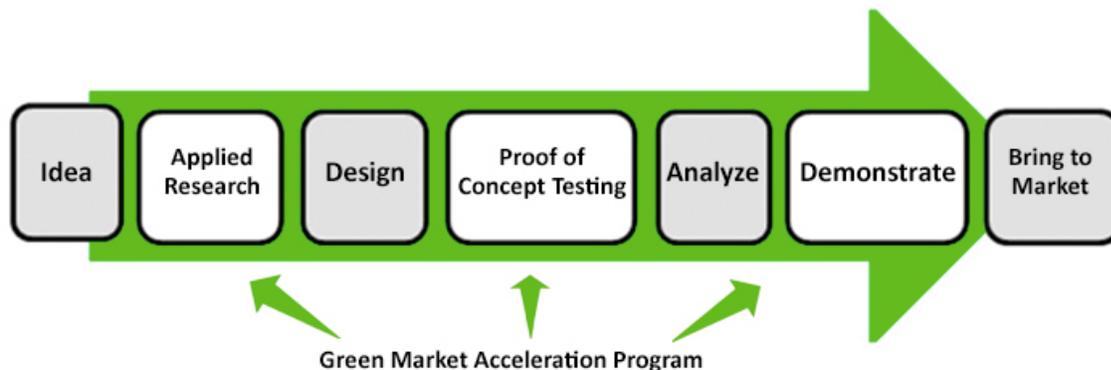
7. Reporting and Compliance

- 7.1. Where social value requirements are included in a Procurement process, such requirements will be included in the resulting contract, in addition to contractual obligations for ongoing reporting on the status of such commitments from the supplier.
- 7.2. The Procurement Section will develop procedures to guide the determination of whether a supplier achieves or fails to meet their social value commitments, including but not limited to, the degree of compliance, the effort made by the supplier in working towards meeting their commitment and the role of subcontractors within the contract.

Attachment C Toronto Green Market Acceleration Program (GMAP)

The Green Market Acceleration Program (GMAP) provides local firms and foreign investors with an opportunity to collaborate with the City of Toronto in order to accelerate the development and commercialization of made-in-Toronto green technologies.

Participants accepted into GMAP will gain controlled access to City-owned infrastructure and assets (ie. buildings, streets, vehicles, water) for applied research, proof of concept and demonstration pilots for their new green technologies during the early stages of product development.



GMAP participants will also have access to City staff knowledge and use of the City of Toronto as a reference when marketing their products and services locally and globally.

By supporting innovation and commercialization within the green economy, GMAP will also:

- Accelerate job growth in Toronto's green sector
- Develop, attract and retain green sector talent and business
- Boost market development including international trade for local green companies
- Generate local and global partnerships
- Create competitive advantages for Toronto's green companies
- Attract investment to Toronto firms

Types of Projects

While the range of possible products and services accepted into the program is wide, all projects must relate back to the green economy as defined below:

The green economy is economic activity that produces products or services that directly or indirectly reduces the impact of human activities on the environment.

Based on the above definition, projects could include products and services that support the use of natural resources (water, air, land, trees, waste, and energy) more effectively or efficiently, as well as technological solutions such as energy efficiency, electric vehicles and green transportation, renewable energy, green buildings, resource management and bio-products (i.e. items made from plants).

Participation Criteria

Applications to participate in GMAP will be assessed using the following criteria:

1. Does the proposal represent a green technology or services as described above? Does the applicant company have the capacity/ability to implement the project and bring the product to market? Is the amount of effort required by City of Toronto staff to manage and facilitate the project reasonable and feasible?
2. Is the project compatible with City of Toronto infrastructure/assets?
3. Can the project be implemented with no direct costs or risks to the City of Toronto?
4. Does the project represent potential for local economic benefits?
5. Does the project represent potential for environmental benefits on both a local and global scale?
6. Does the project offer potential benefits to the City of Toronto?

Roles & Responsibilities

GMAP Participants:

- All direct and incremental costs will be borne by the GMAP participant, including any direct costs incurred by the City of Toronto for implementation of the project.
- All GMAP participants must enter into a legal agreement with the City of Toronto in order to proceed with the program.
- Participants must provide the City of Toronto with all project data and established metrics, including environmental benefits, as outlined in the project agreement.
- Participants must satisfy all legal and administrative requirements outlined in the project agreement.

City of Toronto – GMAP Team:

- Application intake and screening process
- Project Management
- Execute legal agreement with participants
- Monitoring and reporting outcomes, tracking performance measures (environmental and jobs-related)
- Program promotion

City of Toronto – Host Division (Infrastructure/Asset Owners):

- Conduct feasibility assessment and evaluate proposals
- Provide in-kind support including staff time required to support project implementation
- Provide controlled access to infrastructure/assets for applied research, proof of concept and demonstration pilots

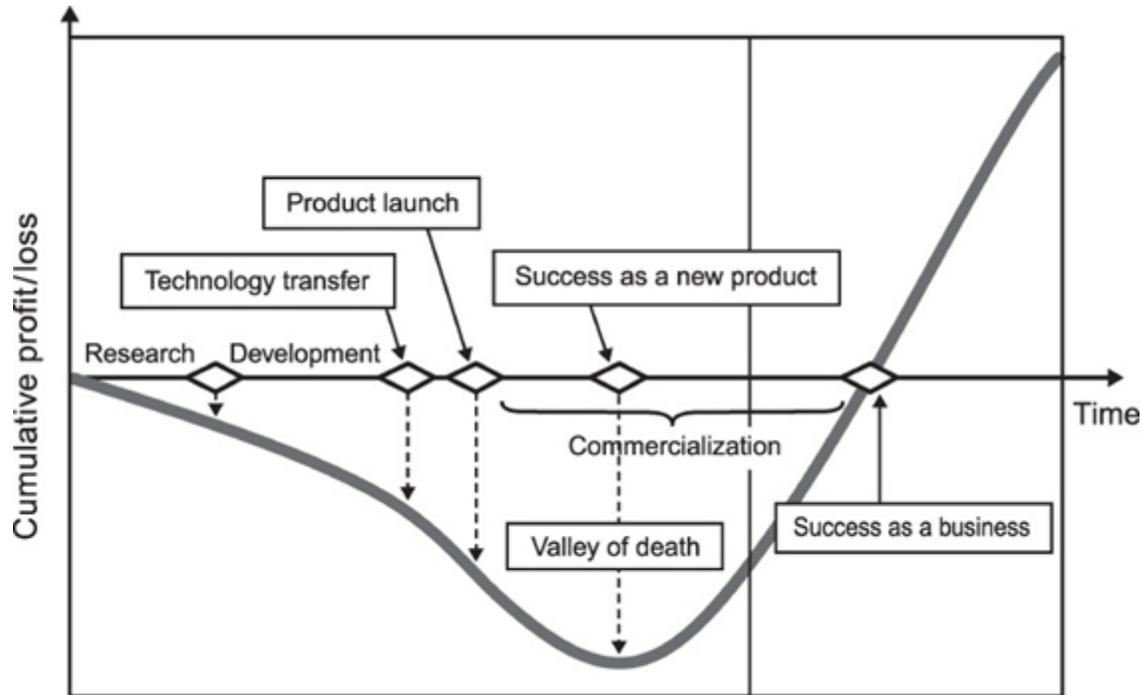
Procurement Policies

Please note that participants in GMAP will not receive any preferential treatment or consideration with respect to future procurements.

In the event the City is interested in procuring technology or other services similar to projects piloted through the GMAP, any such procurement will proceed in accordance with the City's Procurement Policies. This will include going through the Toronto Office of Partnerships Unsolicited Proposal process where appropriate. Sole-source procurement of any GMAP

projects will only proceed if approved in accordance with the City's policy for sole source procurement.

If the GMAP participant wishes to offer its products or services to the City for purchase the company will not receive preferential treatment and must exit the program and engage the City via the normal procurement channels as per City policy.



How Does GMAP Work?

Application Screening

All GMAP applications are screened for acceptance by the City of Toronto's GMAP Review Committee based on the GMAP participation criteria (*see above*). The review committee consists of City staff representing the Economic Development and Culture Division, Toronto Office of Partnership and an additional division or City agency if required. Applications which meet a rating threshold based on the program criteria will proceed to the feasibility assessment stage.

Feasibility Assessment

Projects that pass the initial application screening will be referred to the appropriate City of Toronto Host Division (responsible for the required City infrastructure or asset) to conduct a project feasibility assessment. This assessment will ensure that the proposed project presents no or minimal risk to staff, the public, or City assets/infrastructure and meets all applicable safety standards and legislative requirements.

Notice of conditional approval will be given within one month of referral to the Host Division for the feasibility assessment.

Proposal Stage

Upon completion of the feasibility assessment, conditional approval will be given by the City of Toronto to the selected project, with final approval subject to a detailed proposal from the applicant, which will include the following requirements:

- Development of an approved implementation plan and timeline
- Possession of required liability insurance
- Possession of required business license(s)
- Completion of a signed legal agreement with the City of Toronto

GMAP Legal Agreement

Once approval is given by the Host Division based on a completed feasibility assessment, and prior to commencement of the approved project, the applicant will be required to enter into an agreement with the City in a form and content satisfactory to the City Solicitor including provisions for appropriate insurance and indemnification of the City of Toronto. The City's Purchasing and Procurement Management Division, Legal Services and Risk Insurance Management shall be engaged for their review of each approved application.

Project Implementation

The City of Toronto will endeavour to bring about the commencement of each approved GMAP project within four months from the time of the applicant's initial referral to the City division.

Project Evaluation

The GMAP team will develop success metrics and each project will be evaluated using these metrics. At the end of each project the GMAP team will document the outcomes and lessons learned. Propriety knowledge will be kept confidential.

