



## **Conditions for becoming a Living Wage Employer**

- All employees (full-time, part-time and casual) must be paid the current Living Wage rate for Metro Vancouver.
- If you pay non-mandatory benefits to your employees, the Living Wage hourly rate will be reduced to take account of this.
- Externally contracted staff, that are not direct employees, who provide services to your organization on a regular ongoing basis must also be paid a Living Wage.
- Employees paid by incentive-based pay (tips) or commission can be paid less than a Living Wage provided their total earnings (including incentive-based pay and/or commission) equal or exceed the Living Wage.

### **Detailed Conditions**

#### **Annual recalculation of the Living Wage and re-certification.**

The Living Wage is calculated annually to take account of living expense changes and changes to government transfers and deductions. Living Wage Employers will be notified of these changes every year. We will ask Living Wage Employers to apply to be re-certified as a Living Wage Employer every 2 years based on the existing Living Wage figure at that time.

#### **Calculating how your benefits package affects the Living Wage calculation.**

Non-mandatory benefits include employer contributions that help reduce an expense item that make up the living wage calculation such as extended health/dental care, MSP premiums, child care expenses, transport expenses, professional education development, enhanced vacation and sick leave etc. They do not include payments that an employer is mandated by law to provide such as Employment Insurance and Canada Pension Plan contributions.

We have developed a software tool in conjunction with the software company SAP to help employers calculate how their benefit package affects their ability to pay a living wage- see <http://livingwageforfamilies.ca/calculator>. If you have already signed up to be a Living Wage Employer this calculator can be used to ensure that your externally contracted staff are paid a living wage as well.

Please note the Living Wage Calculation assumes that the employer provides a modest level of paid sick leave of at least 10 days (plus the statutory requirements for paid vacation and statutory holidays under employment standards).

#### **Ensuring that externally contracted staff are paid a living wage.**

Externally contracted staff refers to staff that many businesses use to provide onsite-services such as janitorial, security, cleaning or catering. This clause covers externally contracted staff that

work onsite on a regular ongoing basis, providing at least 10 hours of labour onsite per week. Ad hoc contract work (for example for repairs or maintenance) is exempted from this clause.

Living Wage Employers are encouraged to inform contractors about the Living Wage Employer Program and how it may affect the terms of your agreements (s). A Living Wage clause should be included in all future agreements and renegotiated agreements with contractors you hire. You 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. The Living Wage for Families is able to provide you with a sample clause that can be incorporated into existing contracts and request for proposals (RFPs).

To insure that these contracted staff employ are paid a living wage you need to undertake the following:

- A. *If the staff are directly contracted by your organization.* When the contract comes up for renewal you should include a living wage clause as part of your Request for Proposals (RFP).
- B. *If the staff are not directly contracted by you,* but do provide services onsite -for example as part of a tenancy agreement. You should advocate for a living wage clause to be included in the agreement/contract when it comes up for renewal.

If after fulfilling the above you are not able to ensure that all contracted staff will be paid a living wage, you should communicate to the Living Wage for Families what efforts you have taken to have a living wage clause included in your external contracts and the reasons for the inability to comply. You will be allowed to keep your Living Wage Employer status if there is a legitimate reason for you being unable fulfill this condition, for example if there were no response to a RFP that included a living wage clause.

### **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.

### **Students and Trainees**

Employers are allowed to have a small amount of trainees or students placements that are paid below the living wage once they don't represent a core part of the total staff makeup (no more than 10%). Staff that are on probation are not counted as part of the living wage determination process but once their probation period is over they must receive a living wage.

### **Monitoring**

If an employer is found to have not fulfilled the criteria the Living Wage for Families will work with the Living Wage Employer to identify whether continued involvement in the program is possible. Where the employer demonstrates an interest for continued involvement, The Living Wage for Families will work with the employer to support their continued participation.