

COMPLIANCE OF CONTRACTED SERVICES PROVIDERS WITH LIVING WAGE REQUIREMENT

Annual Report 2025

Recommendation

That Attachment 1 of the April 22, 2026, Financial and Corporate Services report FCS03431 remain private pursuant to section 29 (advice from officials) of the *Access to Information Act*.

Requested Action

Information only

ConnectEdmonton's Guiding Principle

ConnectEdmonton Strategic Goals

CONNECTED

This unifies our work to achieve our strategic goals.

N/A

City Plan Values

N/A

Corporate Business Plan

Managing the corporation

Council Policy, Program or Project Relationships

- C612B - Living Wage for City of Edmonton Employees
- C556C - Sustainable Procurement

Related Council Discussions

- May 14, 2025, Financial and Corporate Services report FCS02573, Compliance of Contracted Service Providers with Living Wage Requirements
- November 27, 2024, Financial and Corporate Services report FCS02488, Sustainable Procurement Policy - Subcontractor Compliance
- June 19, 2024, Financial and Corporate Services report FCS02346, Living Wage and Sustainable Procurement Updates
- May 3, 2024, Financial and Corporate Services report FCS02345, Annual Delegation of Authority - 2023
- January 18, 2021, Financial and Corporate Services report FCS00089, Social Procurement (A. Paquette)
- November 5, 2019, Financial and Corporate Services report CR_7643, Updated Living Wage Policy
- April 25, 2019, Financial and Corporate Services report CR_6488, Living Wage Policy - Considerations of Expanding to Include Employees of Contracted Services
- December 2, 2019, Financial and Corporate Services report CR_6485, Social Procurement Policy
- November 27, 2018, Employee Services report CR_6487, Living Wage Policy

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Executive Summary

- Council Policy C556C - Sustainable Procurement, works to ensure that the City of Edmonton's procurement practices are open, fair and transparent, and contribute to building and maintaining a healthy, prosperous and climate-resilient community. As part of the policy, all procurements for contracted services include a requirement to pay a living wage to all employees performing work in City facilities.
- All new procurements conducted by the City will comply with living wage requirements for contracted services.
- In 2024, Administration identified 12 contracts that were not paying a living wage to employees performing work in City facilities. In 2025 Administration identified 11 contracts that remained unable to pay a living wage in 2025 without additional funding from the City, which was not available. However, additional funding was approved under the Fall 2025 Supplemental Operating Budget Adjustment with the expectation that in 2026, the 11 contracted service providers will pay their employees at least the rate posted at the time of the funding approval (2024 living wage). These contracts are expiring soon and the contracted services will be subject to living wage requirements for future procurements.
- The City is dedicated to ensuring supplier compliance with living wage requirements. This will be achieved by promoting awareness of these requirements, strengthening contractor relationships and continuing to improve the effectiveness and efficiency of the compliance and monitoring process.

REPORT

Council Policy C556C - Sustainable Procurement, leverages the City's purchases to create positive economic, environmental and social impacts. As part of this policy, all procurements for contracted services must include a requirement that all employees performing work in City facilities are paid a living wage. This annual report provides an update on contractor compliance, including the identification of instances of non-compliance and proposed actions to remedy non-compliance within an appropriate time frame.

Living Wage Background

Living wage for City of Edmonton employees, as defined in Council Policy C612B is the hourly wage a worker needs to earn to cover their basic expenses and have a modest standard of living, once government transfers have been added and taxes have been subtracted. Unlike minimum wage, which is determined by each province, living wage is specific to individual municipalities, accurately reflects the local cost of living and is updated annually. To be considered as paying a living wage, benefits, perks and paid time off (above the legislated minimum) are factored in when determining the base rate paid to employees.

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The living wage calculation is conducted annually to ensure it aligns with fluctuations in the basic cost of living, influenced by the local economy and enhancements in public policy support, such as subsidies for public transit, childcare and healthcare.

The Edmonton Social Planning Council posts the Calculated Living Wage rate annually in November. The current 2025 living wage rate for the Edmonton region is \$22.30 per hour, an increase of \$1.45 from the previous year. The 2025 living wage in Edmonton is 49 per cent higher than the Alberta provincial minimum wage of \$15.00 per hour.

Living Wage Implemented at the City

In November 2018, Council Policy C612B - Living Wage for City of Edmonton Employees was approved, and updated in November 2019 to include employees of contracted services.

In July 2024, City Council approved adding the requirement for contracted service providers to pay a living wage into Council Policy C556C and removing it from Council Policy C612B. The requirement for suppliers to pay employees working in City facilities a living wage is also addressed in the Supplier Code of Conduct, which requires suppliers to meet performance standards relating to social responsibility, environmental, ethical and management standards.

Current State of Contracted Services on Paying a Living Wage

In 2024, Administration identified 12 contracts that were not paying a living wage to employees performing work in City facilities. In 2025, Administration identified 11 contracts that remained unable to pay a living wage in 2025 without additional funding from the City, which was not available. However, additional funding was approved under the Fall 2025 Supplemental Operating Budget Adjustment with the expectation that in 2026, the 11 contracted service providers are expected to pay their employees at least the rate posted at the time of the funding approval (2024 living wage). More information on the individual contracts and associated procurement plans is available in private Attachment 1.

The City remains committed to a collaborative approach with suppliers to ensure compliance with, or exceeding of, the living wage rate. Key actions will include:

- Effective contract management
 - To address the primary barrier for contractors—the cost associated with living wage compliance—Administration will continue to collaborate closely with contractors. This partnership focuses on market research, data collection and analysis to better understand cost drivers, which will then inform financial planning for future procurement. Administration will seek potential savings through contract negotiations and effective contract management to mitigate the budgetary pressure of living wage requirements.
- Elevated supplier engagement and education
 - Administration will continue to proactively engage with suppliers to clarify living wage expectations. This includes providing guidance on interpreting and implementing the standards beyond the basic hourly rate, considering factors such as total annual paid hours and employer-provided benefits.

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- Enhanced monitoring and internal capacity building
 - To ensure effective evaluation and monitoring of supplier adherence to the living wage, City employees engaged in procurement and contract management have been provided with enhanced training and supplementary resources.
 - In cases where the prevailing market rate for contracts is close to or lower than a living wage, awarded suppliers will be obligated to provide written attestations. These attestations, confirming payment of a living wage to employees working in City facilities, must be submitted before contract award and annually throughout the contract duration.
 - The Supplier Performance Management program has been augmented to include sustainable procurement metrics. The next enhancement to the program will see a contractor's supplier performance rating applied to future procurement opportunities. Non-compliance with living wage policy will impact their ability to compete in the bid evaluation process.
 - Suppliers not meeting living wage requirements will have the chance to correct issues. Escalation protocols, including contract termination, be followed if necessary, and the City reserves the right to conduct audits to confirm ongoing compliance.

Community Insight

City Administration did not undertake specific public engagement for this report. Contracted service providers consistently mention that the increased labour costs associated with the living wage requirements in Council Policy C612B must be transferred to the City of Edmonton; this stance remains unchanged since the policy's implementation.

GBA+

Council Policy C556C is a key component of the City's strategy to create a more inclusive, safe and welcoming Edmonton. It also incorporates various social benefit criteria, including GBA+ considerations. Council Policy C556C is focused on four purchasing outcomes to support community social value: employment, skills and training, social value considerations and community development. Council Policy C556C also uses a variety of social benefit criteria that include many GBA+ considerations. An optional supplier onboarding questionnaire provides the opportunity for suppliers to self identify if their ownership falls within one or more of 10 categories, including social enterprise, social purpose organization, Indigenous-owned business, women-owned business, business owned by members of a visible minority, business owned by persons with disabilities, veteran-owned business, business owned by 2SLGBTQIA+, youth-owned business and immigrant- or refugee-owned business.

Environment and Climate Review

This report was reviewed for environment and climate risks. Based on the review completed no significant interactions with the City's environmental and climate goals were identified within the scope of this report.

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ATTACHMENTS

1. Contracted Service Providers with Living Wage Requirements Updates - 2025 (PRIVATE)