

Association of Professional Archaeologists

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Reality Check: The Legacy of Low Bidding in Ontario Consulting

by Lawrence J. Jackson

Contrary to the rosy picture of Ontario archaeological consulting as a "growth" industry, the sad reality is that the majority of Ontario consultants are not earning a decent living. A reality check is long overdue. While high volume firms appear to be doing well, at least with periodic infusions of revenue from special projects such as municipal master plans, the long term legacy of low-bidding has finally caught up with us all.

Average earning figures clearly demonstrate that most Ontario consultants earn less than \$25,000 per year. Many actually survive below the Canadian poverty level with the help of unemployment insurance, second jobs or simple tenacity. Fairy tale success stories do not exist for the majority of hard-working, if somewhat deluded, archaeological consultants in Ontario.

In 1996 there were 45 licensed Ontario consultants. Today, there are 52, an increase of 13.5%. Most of these firms are one or two person operations. Provincial government estimates suggest a \$3 to \$5 million annual consulting industry in Ontario (Ferris 1998:236). Let's assume that this figure is correct and explore what it really means.

In a \$3 million industry, gross average revenues are \$66,666 (an ominous figure) per firm. In a \$5 million industry, this figure is \$111,111. This sounds quite good until operating expenses are considered. These costs actually run close to 70% for most firms - resulting in a grand total of \$19,999 and \$33,333 take-home pay for the average licensed Ontario consultant.

Well, at least the upper figure suggests some hope, right? Wrong! Factoring in the volume of

work carried out by just one of the four high volume firms which dominate the Ontario industry produces surprising results. Annual Archaeological Reports for Ontario contain self-published records for the 5 year period 1991-1995 and show that the leading Ontario firm averaged 86.2 projects per year. MCCR figures show a total of 364 contracts approved in the province for 1996 (Ferris 1998:236). Assuming a 1996 total of 86 for the leading firm, there remain only 278 projects to be divided among the 44 other firms. The average for these other firms was 6.3 projects in 1996. And, when we consider that a few other firms eat up a significant share of the total market, the story for the average consultant is not good at all.

Those of us who keep hoping for that one good year are in for a rude awakening (much like sleeping on a mattress full of whoopee cushions and waking up every morning surprised!

Based on the 1996 figures of a \$3 to \$5 million industry and 364 projects, the leading firm, at 86 projects, consumes 23.6% of total business. Its gross revenues should be between 750,000 and 1,250,000 (see Table 1). This leaves between \$2,250,000 and \$3,750,000 for the other 44 firms. Average 1996 revenues should be between \$51,136 and \$85,227. Allowing an optimistic 30% take-home figure for proprietors, we are looking at average 1996 earnings of \$15,341 to \$25,568. This is not a healthy work environment for individuals who have, at a minimum, 4 years of university education (and often much more)!

Okay, so let's test this data with a straw poll (see Table 2). A telephone survey of 10 Ontario consulting firms on April 13 and 14, 1998 (a 20% sample of current licenses) revealed an average of 8.5 projects per firm - up from 1996. The 10 firm

total of 85 projects also suggests annual revenues of 750,000 to 1,250,000 or 75,000 to 125,000 per firm. Each project would then be worth, on average, \$8824 to 14,706. All but two survey respondents noted 1997 revenues of less than \$100,000, some substantially less. Three firms willing to provide actual figures noted an average gross revenue of \$51,600 - well below optimistic predictions. This strongly supports a DROP in per project revenues - to \$5,167 - concurrent with an increase in average number of projects.

Figures provided by Ontario Hydro indicate an average of 16 archaeological projects in both 1996 and 1997 with a gross contract value of less than \$100,000 each year. In fact, the average Ontario Hydro contract is \$4 to 5,000. Based on gross revenues per firm. In 1996, we should expect a range of between \$8095 and \$13,500 in gross revenue per project. Obviously, the Ontario Hydro figures are much lower. Many firms also note that the bulk of their 1997 projects operated at a gross revenue level of less than \$2,000. This leads me to question the accuracy of a \$5 million figure for the total 1996 industry in Ontario - it is more likely about \$3.5 million.

Since per project revenues are so low, it is quite obvious that Ontario consultants are NOT earning predicted maximum figures of \$25,568 annually. Since low bidding has become a common complaint of virtually all Ontario consultants, it is also clear that the long-term effect of high volume/low bidding, begun in the early 1980s, has finally bottomed out the market. The reality of high volume/low revenue projects filtered down to staff salaries. Field crew in Ontario are generally paid from \$75 to \$120 day (or between \$9 and \$15 per hour), with the latter figure a rarity. A 1988 "going" rate for field crew was \$6 hour. Allowing for inflation, this rate of pay is virtually static, Seasonal employment at its best!

High volume firms can sustain year-round employees but not at a high or even modest level of remuneration compared with any other profession in Ontario. Annual salaries in the low to mid \$20,000 range are typical and quite in keeping with annual figures for small firm proprietors.

The pricing of archaeological consulting in Ontario is simply too low! Once the majority of Ontario consultants get wise to the fact that they are being marginalized by their own business practices (and getting their asses kicked in the process), it will be too late. High volume/low bidding firms can start to hike prices up to decent levels once the competition is demolished. Until then, except for the very, very few, we will all be working, as Edward G. Robinson once said, for "chump change".

What can you do? First, look at your earnings and decide whether or not they are realistic in today's market. For instance, can you really afford to eat at McDonald's? If you can't, think about helping the APA to turn this situation around so that we can live and be treated as educated professionals!

Some suggestions:

- 1) AGREE to adopt some minimum Stage 1/2 fees - 40 other APA members can do the same.
- 2) DECIDE to pay your staff a decent salary - this will certainly encourage them to work for you and not low bidders and will push up prices.
- 3) ADOPT a minimum Stage 3 and Stage 4 rate for excavation of a one metre square in concert with 40 other APA members. This will ensure decent remuneration and a level playing field.

Remember, low bidders would also like to make decent money!

If there is demand, the APA will pursue this issue and help you realize a decent working environment! When it comes time to think about retirement, will your Canada Pension Plan contributions give you enough income to survive? If the answer is NO you need to do something!

TABLE 1 1996 ONTARIO CONSULTING INDUSTRY FIGURES

<i>Revenues</i>	<i>Projects</i>	<i>Market Share</i>
\$3-\$5 million	364	23.6% ONE 76.4% OTHERS

* Average revenue for ONE firm: estimate \$750,000 to \$1,250,000

* Average revenue for OTHERS: estimate \$51,136 to \$85,227

* Typical take-home for an Ontario consulting archaeologist: \$15,341 to \$25,568

Sources for Table 1 are Ferris 1998 and AARO 1991-1995.

TABLE 2 STRAW POLL OF 1997 ONTARIO CONSULTANT REVENUES

<i>Firm</i>	<i>Projects</i>	<i>Revenue</i>	<i>Actual Revenue</i>
A	18	under 100,000	65,000
B	6	under 100,000	50,000
C	6	under 100,000	40,000
D	9	under 100,000	-
E	5	under 100,000	-
F	28	over 100,000	-
G	0	under 100,000	-
H	10	under 100,000	-
I	2	over 100,000	-
J	1	under 100,000	-
total	85		

* telephone poll conducted April 13 and 14, 1998 for APA. All firm names remain confidential.

References;

Ferris, Neal

1996 "I don't think we are in Kansas anymore:" The Rise of the Archaeological Consulting Industry in Ontario. In: Bringing Back the Past: Historical Perspectives an Canadian Archaeology, edited by P. Smith and D. Mitchell, Canadian museum of Civilization, Archaeological Survey of Canada, Mercury Series No. 158, pp. 225-247.

Annual Archaeological Reports for Ontario 1991 to 1995. Ontario Heritage Foundation, Toronto.

Association of Professional Archaeologists Code of Ethics and Standards

In accordance with the constitution and by-laws of the Association, acceptance of a code of ethics and standards is required of all members. Adherence to this code is intended to maintain a high standard of research and conduct by the Association. Membership in any other society or organization is precluded only where the stated objectives of such groups are in clear violation of the ethical code of the Association.

Section 1. Responsibilities of Members as Archaeologists

- a) To support the terms of the UNESCO convention regarding illegal import, export, or transfer of ownership of cultural property, as passed by the General Conference, 14 November 1970, Paris.
- b) To abide by all other Federal and Provincial statutes where these apply to the practice of archaeology or treatment of archaeological materials both in Canada and elsewhere.
- c) To respect and encourage the interests of cultural groups in their heritage and consult with recognized descendant groups or their representatives in any situations involving treatment of human remains.
- d) To treat all cultural properties and remains with the respect due to them as markers of the human past.
- e) To respond to public requests for information or educational materials wherever this is possible and consonant with the code of the Association.
- f) To actively discourage the buying, selling, and collecting of cultural properties, the knowing destruction of sites, or other activity contrary to the interests of heritage conservation, including consultation with appropriate legal authorities.
- g) To accurately document such qualifications as may be required for membership in the Association and for accreditation in particular research skills.

Section 2. As professional archaeologists, members will adhere to certain principles of conduct:

Section 2.1

- a) Demonstrate a high level of integrity in their work, represent research results as accurately and completely as possible, and give full and proper credit for work done by others.
- b) Encourage contact with other professionals on issues of mutual concern, including not only research but questions of ethics and legislative impact on archaeological resources.
- c) Exercise diligence in the reporting of research results and accept responsibility for dissemination of the same to both the public and profession.

- d) Use funds awarded for scientific or mitigation work only for those purposes for which the award was originally made unless changes have been approved by the funding agency or agencies.
- e) Cite unpublished works for purposes of publication, with the exception of M.A. and Ph.D. theses which are part of the public record, ONLY with the consent of the author or authors.

2.2 Archaeologists periodically find themselves in situations of uncertainty or ambiguity as to a proper course of action. Members shall:

- a) Report violations of the code of ethics or of existing statutes to appropriate authorities including the Chair of the Ethics and Standards Committee. If the Chair determines that sufficient cause is given to warrant investigation, the Executive will be asked to appoint APA members to serve on an investigative committee. Procedures for investigation of allegations of professional misconduct shall follow the format stipulated by the Executive.
- b) Declare conflicts of interest, as defined in the by-laws of the Association, to the Executive or such other persons or organizations as may be involved prior to accepting employment or positions of responsibility and on any subsequent occasion where such conflicts may arise.
- c) Protect archaeological resources by conservation efforts, including publication of research within a reasonable period, and recognize that excavation or other accepted practices are not the only avenues of resource protection or mitigation.

Section 3. In their employment, members shall recognize certain obligations as professional archaeologists:

- a) To uphold all legal and ethical requirements of the profession as stipulated in sections 1 and 2 and recognize that scientific knowledge, public education, and protection of cultural properties are the legitimate concerns of archaeologists.
- b) To recognize the confidentiality of client or employer information where this is consistent with the code and existing statutes and to refrain from using such information for personal gain.
- c) To recommend appropriate methods and personnel for archaeological projects in a manner which is consistent with informed archaeological practice and free of prejudice.
- d) To ensure that only qualified personnel or adequately supervised individuals are employed and that qualifications of staff members meet professional standards for every project.
- e) Engage only in archaeological work for which they are qualified and consult with other qualified archaeologists or specialists where particular problems are anticipated or may be encountered.

APA Code of Ethics and Standards (continued)

- e) Advise employers and employees of acceptable research standards and potential ethical or legal concerns or conflicts of interest.

Section 4. Research standards of members as professional archaeologists shall include:

- a) Adequate preparation for field research including review of previous work, personal assessment of training required to undertake intended research, of funding and equipment required to initiate and maintain any project, and careful consideration of the scientific plan of research.
- b) Provision of basic facilities for field and laboratory research as determined by project requirements and professional standards.
- c) Observance of existing Federal and Provincial statutes regarding safety in the workplace and other conditions of employment.
- d) Adherence to established guidelines for survey, excavation, and site recording where these are consonant with acceptable professional practice.
- e) Maintaining the integrity of archaeological materials and records, providing for public display and research, and arranging long-term disposition.
- f) Use of the Borden site designation scheme for purposes of site identification and cataloguing of archaeological materials found in Canada.

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