

October 13, 2016

VIA EMAIL: CWR.SpecialAdvisors@ontario.ca

Changing Workplaces Review
Employment Labour and Corporate Policy Branch
Ontario Ministry of Labour
400 University Ave., 12th Floor.
Toronto, Ontario M7A 1T7

RE: Changing Workplaces Review Submission on the Interim Report

Dear Mr. C. Michael Mitchell and the Honourable John C. Murray,

On behalf of The AppleOne Group of Companies (“AppleOne”) I am writing to our express concerns with respect to the recommendations in regard to Temporary Help Agencies as outlined in the Changing Workplaces Review Special Advisors’ Interim Report.

AppleOne is a wholly owned and operated Canadian Corporation which offers both temporary and full-time staffing services. Since opening our first branch in 1987, AppleOne has grown exponentially with 22 points of operation now strategically situated in Southern Ontario and British Columbia. AppleOne currently employs approximately 130 office employees and roughly 9000 temporary workers. AppleOne’s secret to its growth and success is two-fold. First we believe in people. Since our inception, we have connected the best people, their talents, skills, career goals, and aspirations with the best companies. We are “Career Gurus.” We are “People-People. Second, we strongly believe that we cannot service a client company until we truly understand their needs. It is this unwavering dedication to client satisfaction and service excellence that has made AppleOne Canada a leader in today’s marketplace.

As a result of the recent Bill 139 and Bill 18, legislative changes have increased liability and overall costs for AppleOne and other Temporary Help Agencies. If the current recommendations are put through, such changes will devastate AppleOne’s continued longevity and profitability. Moreover, the proposed outcome may have a detrimental impact on other organizations operating in the same business sector for similar reasons.

AppleOne’s feedback with respect to the options expressed by the Special Advisors are detailed below.

Mark-ups on Temporary Labour

- *Disclosure of markup to assignment worker*
 - Providing pricing to temporary workers may be meaningless as temporary workers may not understand the details of the temporary help industry and cost structure. In addition this information may be misleading and may give temporary workers the impression that AppleOne, and other temporary help agencies are making more profit than in actuality.
 - Pricing is client specific based on a number of factors which include the volume of business, difficulty in recruiting, the location of clients, WSIB experience and other risk factors, as well as payment terms. As such there is no pre-determined mark-up and each situation is handled on a case by case basis.
 - Pricing details is confidential Company information. Releasing this data to temporary workers is not appropriate and does not consider the private relationship of the client and agency. Consequently such disclosure may damage established connections of existing business owners and customers.
- *Limit the amount of mark-up*
 - Pricing determination is client specific based on a number of factors which include the volume of business, difficulty in recruiting, the location of clients, WSIB experience and other risk factors, as well as payment terms. Placing standardized industry controls on mark-ups would limit the market factors required to determine adequate pricing, related to service offerings.
 - Service levels provided by each Temporary Help Agency are unique and represent different cost structures, therefore all agencies cannot be lumped together under the same pricing.
- *Private Member's Bill (PMB) 143 requiring 80% of the client bill rate to be paid to employee*
 - Based on mandatory statutory payroll burdens, including CPP, EI, EHT, Vacation Pay and WSIB, the payroll burdens that agencies carry are 20% and greater. As such, paying temporary workers 80% of the fee charged to a client is not mathematically possible and does not allow for any gross margin towards costs. If this option were to be enforced, Temporary Help Agencies would not be able to cover their business costs and would not be able to operate.

Reduce barriers to client's directly hiring employee by changing fees agencies can charge

- *Reduce period to less than 6 months (e.g. 3 months)*
 - In a period less than 6 months agencies will struggle to recoup recruiting and operating costs. This limitation does not take into consideration ramp up times related to the temporary staffing industry business cycle. To decrease the period would force agencies to increase pricing to recover costs in a shorter period, creating a hardship for our clients.
 - This option will create insurmountable financial hardship
- *Eliminate agency ability to charge fee to clients for direct hire*
 - This change would destroy the placement industry and leave Companies with vacancies which they are unable to fill, thereby increasing the unemployment rate.
 - There are considerable costs to recruit candidates and charging a placement fee is how the industry operates and turns a profit. To place limits on this would directly impede the staffing agency's ability to make money.

Limit how much clients may use assignment workers by establishing a cap (e.g. 20%)

- Clients use temporary workers to fill labour gaps for seasonality factors and for special projects. Therefore placing caps on labour would hurt and negatively impact clients' ability to compete in the marketplace.
- Clients outsource contingency staffing so they can focus on their core business. Imposing limitations on clients would create a hardship during peak business periods.

Promote transition to direct employment with client

- *Establish limits or caps on the length of placement at a client*
 - Creating caps to how long a temporary worker can work for a Company before the temporary worker can be considered for full-time opportunities will create more turnover in staff. If a Company is not prepared to hire a temporary worker on a full-time basis at the time of a set cap, the employee would be terminated and forced to find new employment. This in turn, will be disruptive to both the temporary worker and client.

- *Deem assignment workers to be permanent after set period of time.*
 - Client consideration to hire temporary workers on a full-time basis is based on a number of factors such as performance, availability of opportunities, temporary worker's compensation expectations and the temporary worker's desire to continue working for the client.
 - Companies cannot be forced to hire an employee on a full-time basis. If a Company is not prepared to hire a temporary worker on a full-time basis at the time of a set cap, the employee would be terminated and forced to find new employment. This in turn, will be disruptive to both the temporary worker and client.

Expand termination and severance pay provisions to (individual) assignments

- Allowing temporary workers to receive entitlements of notice of termination pay and/or severance pay at the end of each assignment, and when their employment is terminated with the agency, places temporary workers in a higher category than any other employee group.
- Temporary workers can be dispatched to several clients during the employee's tenure. At the same time, temporary workers can work on assignments simultaneously. If temporary workers are entitled to notice of termination and/or severance pay at the end of each assignment, temporary workers would receive multiple provisions of termination. Employers would be forced to incur greater separation pay costs which would be detrimental to the business.
- Increased termination and severance provisions would necessitate the need for temporary help agencies (AppleOne) to at least double the manpower to account for the added payroll administration labour.

In terms of overall suggestions, AppleOne supports the options expressed by ACSESS in the "Changing Workplaces Review ACSESS Submission on the Interim Report". Rather than imposing new legislative provisions, greater emphasis should be placed on the enforcement of existing statutory regulations.

Furthermore, AppleOne agrees with establishing standards of conduct for temporary help agencies. Having such protocols in place will enhance the vital role and positive contributions that temporary help agencies currently play in the marketplace. At the same time, a temporary help agency code of ethics will help to redefine the overall misperception.

On behalf of AppleOne, we appreciate the opportunity to submit our feedback.

Sincerely,

Gary Gregg
President