

ACSESS Meeting with the Treasury Board

This document is organized into four (4) areas.

- I) **ACSESS Backgrounder and Involvement in THS Advisory Committee**
- II) **Review of the Temporary Staffing Industry: How Temporary Services work, Advantages of Temporary Employment.**
- III) **Internal v. External Staffing – An overview of Temporary Help Services Rates v. Government Salaries**
- IV) **Right of First Refusal - Policy and Implications**

SECTION I

ACSESS Background

The Association of Canadian Search, Employment & Staffing Services (ACSESS) was formed in January 1998. The Association resulted from the merger of two well-established and highly regarded Canadian associations - the Association of Professional Placement Agencies & Consultants (APPAC - founded in 1962) and the Employment & Staffing Services Association of Canada (ESSAC - founded in 1968). The 1998 merger of the two groups gave ACSESS an expanded mandate to represent all facets of the employment, recruitment and staffing services industry as it is today.

ACSESS currently has a combined membership of over 300 corporate entities across Canada. It is estimated that ACSESS members represent over 80 percent of total industry volume. ACSESS is national in scope but has very active provincial activities, including chapter organizations that operate within a District structure.

The purpose of ACSESS is to foster the growth of the industry by promoting: quality services; dignity and respect among workers; adherence to all relevant legislation and regulations;

employee rights; and, by regular liaison with governments and the public, a full understanding of our industry and its practices.

ACSESS promotes awareness within its membership, and the industry as a whole, of all legislation and regulation affecting the staffing services industry, and addresses employment issues both as they affect the employer and their employees.

The industry, through ACSESS' programs, has actively participated in the development of legislation and standards that are in the workers' and the public's interest. We are very proud of our constructive contribution to employment and labour legislation, and our ongoing working relationship with governments at all levels.

ACSESS Involvement in Government Temporary Help Services Advisory Committee Meetings

The THS system is a procurement tool designed to enable client departments in the National Capital Area to procure temporary help services. It is based on "First Right of Refusal" which means that the company with the temp help resource which meets the mandatory requirements, and which has the lowest rate, receives the Government's business. In other words these two conditions must be met before a contract will be awarded to a company.

As a forum for expressing views, the Temporary Help Services Advisory Committee was formed in 2006. The committee continues to work on ways to improve the procurement process for Temporary Help Services in the National Capital Area. The goal is to improve the design, management and delivery of procurement across government so that the government becomes not only a better buyer, but also a better customer. The Committee is comprised of a variety of Federal Government Department representatives as well as 3 ACSESS member representatives and other industry firms. Through the Committee's advice and recommendations PWGSC hopes to better meet the needs and objectives of the Government of Canada.

SECTION II

How Temporary Services Work

Organizations including governments and private industry seek temporary help for a variety of reasons including:

- Replacements of workers who are temporarily absent;
- Temporary adjustment of staffing levels to fluctuations in business activities;
- Special projects;
- Accessing specialized skills;
- Reduction of recruitment and hiring time and costs;
- Expert screening, testing, evaluation and training of potential new employees.

Temporary help service firms hire their employees through well-established application, interviewing and testing procedures. Temporary help employees are hired to meet the temporary work demands of the temporary help company's clients. Client organizations require temporary help for a wide range of skill sets ranging from light labour or blue collar positions through to senior executive and management positions. A successful temporary help firm will develop a roster or inventory of temporary employees that best meet the demand of its various clients.

Temporary help employees are sent to the client's place of work to meet specific client requests. A typical request would include the skill required, the duration of the assignment, location of the assignment and the cost range. The temporary help service firm then goes through its roster of temporary workers to find the best-suited and available individual to send to the client. The selected person has the right to either accept or not accept the assignment. If the assignment is

not taken, the person is placed back in the roster of available workers and will be called again for another assignment when the opportunity arises.

Temporary help employees are assigned to all sectors of the economy, both private and public. The typical assignment lasts three weeks although the period can range from just a few hours to several months. Some issues causing a general increase in the length of temporary assignments

are extended maternity leave, paternal leave, workers compensation rules, labour shortages, rapid technology changes, specialty skill shortages and sustained economic growth. Temporary assignments tend to become shorter on average in declining economic periods, times of business uncertainty and times of economic stability.

Impact on the Economy: Advantages of Temporary Employment

Temporary Staffing companies provide a valuable service to the economy. The changing reality of work includes a wide variety of new work arrangements such as, work sharing, home office, virtual office, contract work, term employment, independent contracting, dependent contracting, contracting-out, facilities management, part-time and temporary help. Temporary staffing companies are often on the leading edge of some of these innovative and creative solutions. While private and public sector organizations are focused on their core competencies they rely upon temporary staffing companies for their expertise in the areas of recruitment, selection, customer service, human resources and administration.

The source of a flexible, available and multi-skilled work force has considerable benefits to the economy. Temporary help is an effective buffer to swings in the performance of the economy. As the economy grows, temporary help provides a timely and safe ramp up. If economic growth is sustained, temporary workers are often converted to become employees of the client organization. A “Just-in-Time” inventory of people with specialty skills permits an organization the confidence and ability to compete globally. In examples such as accepting orders on short notice, customizing software or rapid response to increased customer demand; the temporary staffing companies are providing qualified, tested and trained people with little notice.

Temporary help companies provide significant opportunity to individuals entering the workforce. Temporary services are motivated to fill assignments according to the individual skills. The value and reputation of the Temporary Service firm is measured by its ability to quickly and efficiently match the skills of individuals with skill requirements of the job opportunities. The professional skill matching process is more likely to be free of barriers and forms of discrimination. This provides greater opportunity to immigrant workers, disabled workers, youth or workers returning to the workforce after an absence. These new workers are eased into the

workforce in a professional manner, often with the benefit of job specific training. Individuals with highly specialized skills are frequently required but not always on a sustainable basis with one single employer. As the employer and agent of these skilled workers, a temporary staffing company can offer exposure to hundreds of different locations, organizations industries and opportunities. Through the variety of many assignments, the skilled worker can spend more time in productive work and less time in the unproductive search for the next opportunity.

Employees and workers of temporary help services have exposure to and are frequently offered direct employment within their client organizations. This provides improved opportunity to workers in all economic periods to find and achieve meaningful and enjoyable employment.

In the traditional economy, temporary workers tended to include mainly office clerical and light industrial jobs for short-term assignments. In the past ten years the type of job performed by temporary workers has expanded to every conceivable position. Today, temporary workers can be found in all the health professions, Information Technology positions, legal, sales, marketing, engineering, manufacturing, accounting, banking, government and management roles. Temporary staffing has become a valuable and integral aspect of business and contingency planning.

Aging baby boomers, Internet and technology specialists, financially secure two income families, entrepreneurs, displaced workers and free spirited individuals - often require or desire more flexible employment opportunities than the traditional employment status quo. Temporary

staffing companies are providing this flexibility by helping these people achieve their lifestyle desires.

Over the past two decades, the staffing industry is one of the fastest growing industries in the world. The *2008 Statistics Canada Report on the Employment Services* Industry revealed operating revenues of 8.3 billion dollars in Canada. The industry is expected to experience continued growth over the long-term future.

SECTION III

Internal v. External Staffing – An overview of Temporary Help Services

Rates v. Government Salaries

ACSESS recognizes that the federal government can help the Canadian economy by adhering to the following principals;

- Promoting decent employment opportunities:
- Providing or supporting employment that offers fair wages:
- Procuring products and services based upon the greatest value:
- Utilizing flexible employment and labour procurement models:
- Treating the vendor community fairly:
- Supporting privates sector business of all sizes including SME's:
- Delivering efficient administrative models for government workers and those providing services to government:
- Reducing red-tape:
- Cooperating and consulting with industry association experts:
- Reducing overall government spending.

The data incorporated in table below outlines THS Rates Comparison to Government Salaries clearly supports that temporary help is the most effective cost solution for government. Note that in the rate comparisons below, the THS rates are all inclusive whereas the government salary

rates are base rates and do not yet include other administrative burdens such as EI, CPP, Workers Compensation Insurance, liability insurance (or risk), payroll administration costs, recruitment and selection costs, etc.

THS Rates Comparison to Government Salaries

THS Rates			Government Salary					
General Clerk	Minimum	Average	Minimum	Maximum	Hourly Min.	Hourly Max.	*Average Hourly	
Junior	12.74	15.79	CR1	31,448.00	34,742.00	17.33	19.14	18.23
Int.	12.45	16.66	CR2	33,631.00	35,939.00	18.53	19.80	19.17
Senior	13.40	18.60	CR3	38,717.00	41,762.00	21.33	23.01	22.17
Advance	13.94	20.77	CR4	42,897.00	46,304.00	23.63	25.51	24.57
			CR5	46,883.00	50,755.00	25.83	27.96	26.90
			CR6	53,364.00	57,562.00	29.40	31.71	30.56
			CR7	59,192.00	64,124.00	32.61	35.33	33.97
Administrative Assistant	Minimum	Average	Minimum	Maximum	Hourly Min.	Hourly Max.	*Average Hourly	
Junior	12.70	18.16	AS1	46,321.00	51,807.00	25.52	28.54	27.03
Intermediate	14.12	20.82	AS2	51,617.00	55,615.00	28.44	30.64	29.54
Senior	16.60	24.72	AS3	55,326.00	59,610.00	30.48	32.84	31.66
Advanced	17.01	26.85	AS4	60,435.00	65,304.00	33.30	35.98	34.64
			AS5	72,148.00	78,004.00	39.75	42.98	41.36
			AS6	80,365.00	86,697.00	44.28	47.77	46.02
			AS7	84,595.00	96,725.00	46.61	53.29	49.95

* Hourly rates are calculated as follows: Salary divided by 1815 hours . Rates do not include employer contributions or cost of Benefits.

Annual Salary is calculated as follows: 1 year = 52 weeks @ 5 days = 260 days
(less 10 days holiday + 8 days other making 18 days total not worked)

$260 - 18 = 242$ days $\times 7,5$ hours = 1815. hours eg taking the CR 2 minimum salary
33631.00 divide by 1815. = 18.53 per hour

SECTION IV

Right of First Refusal – Policy and Implications

The THS system is a procurement tool designed to enable client departments in the National Capital Area to procure temporary help services. It is based on "First Right of Refusal" which means that the company with the temp help resource which meets the mandatory requirements,

and which has the lowest rate, receives the Government's business. In other words these two conditions must be met before a contract will be awarded to a company.

In May of 2009, PWGSC switched to a new process for its procurement of Temporary Help Services. ACSESS has maintained and recent data supports that the new process has resulted in a sharp decrease in the SO hourly rates awarded for each THS service and identified 7 categories (see *Market Analysis Document, 2010 attached*). The study verified SO hourly rate data that has been collected between May 2009 and January 2010. The selection process has clearly created pressure on prices as companies with the lowest hourly SO rate have the most opportunity to place employees.

ACSESS maintains that the Right of First Refusal policy is seriously flawed. This policy has harmful and unintended consequences. The existing (New) procurement model for Temporary help services:

1. Has driven wages down by over 25%.
2. Has created a vulnerable worker sector and fosters an exploitation of the thousands of valuable temporary workers in the NCR.
3. Promotes and encourages predatory pricing and low wage tactics by suppliers.

4. Strongly favours large suppliers and causes harm to independently owned small businesses.
5. Is ineffective and inefficient for government end-user departments.
6. Fosters a decline in service value and quality.
7. Fosters a disgruntled and dissatisfied workforce of Temporary workers.
8. Creates a bias toward the use of more expensive and less flexible Public Sector employed term workers.
9. Artificially supports the unions' argument that all workers need to be protected by collective agreements.
10. Creates ill-will and disparages the government and the industry's reputation.
11. Has raised the attention of the media, unions and social advocacy groups. Is the cause of a rising public relations problem.

ACCESS and Public Works have received hundreds of e mails from temporary employees in the NCR calling on immediate changes to the system. It is clearly the mandate of the Treasury Board to provide advice on how to achieve openness, fairness and transparency and identify opportunities to improve the procurement process. We would respectfully request that the Treasury Board intervene and:

- A) Provide guidance to PW to ensure greater flexibility in the interpretation of procurement policy and practices;
- B) Encourage PW to make the necessary adjustments to the existing process for its procurement of Temporary Help Services in the NCR;
- C) Make it clear that the lowest price is not treasury boards mandate for procurement of labour;

CONCLUSION

We respectfully present this information to the Treasury Board. The Association of Canadian Search, Employment and Staffing Services would be pleased to reply to any questions and



Association of Canadian Search,
Employment and Staffing Services

Association Nationale des Entreprises en
Recrutement et Placement de Personnel

provide any additional information required. We would welcome an opportunity to meet with Minister Day as a follow up to our discussions on this subject.

Mary McIninch

Director of Government Relations

Association of Canadian Search, Employment and Staffing Services