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Diane Weber
Director, Consultation Secretariat
Workplace Safety and Insurance Board
200 Front St. West, 17th Floor
Toronto, On
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Dear Ms. Weber

RE: Proposal to keep the main two rate groups - 929 - Supply of Non-clerical Labour and 956 - Supply of Clerical Labour for the Temporary Staffing Industry in Ontario.

Introduction

With over 60 years of experience in the staffing industry, Adecco is Canada's largest and leading provider of employment solutions. Adecco is headquartered in downtown Toronto and employs more than 400 full-time employees across more than 40 offices nationwide where we service over 1,000 clients daily and employ over 7,000 associates (temporary staff) on a weekly basis. With an expertise that extends across multiple industry verticals, we are one of the only staffing services organization that offers diverse recruitment solutions at a national level.

Adecco is committed to ensuring that our client locations, and our own offices, are safe and free from hazards and that our associates comply with Adecco's health and safety policies, regulations and procedures. Adecco management, colleagues and associates are committed to and work together to practice sound risk management, ensure a safe workplace, report all incidents promptly, and correct unsafe conditions in the performance of assigned duties. Our commitment to safety is evident by our strong national performance, year over year reductions in accident frequency, our participation with provincial Safety Groups and our involvement with the PIR in Alberta.

The Staffing Industry in Canada is worth about \$10B and employs over 150,000 people every day, of which about 50% are in Ontario.

Stated Goals

WSIB has stated that some of the goals of the Rate Framework Modernization to be:

- *Aggregation* - significantly fewer (rate) groups to address shopping and complexity.
- *Transparent and Understandable* - A Rate Framework that stakeholders can easily understand, and promotes active and informed participation.
- *Clear and Consistent* - A new streamlined and simpler classification structure that is clear and consistent in its application as a foundation.
- *Fairly Allocated Premiums* - An approach that ensures a fair premium for workplace coverage, based on each employer's risk and claims experience to ensure occupational health and safety is top of mind for employers as it relates to their premiums.
- *Ease of Administration* - Efficient and effective for the employer community and for the WSIB to administer and maintain

We would like to show though this document that for Adecco and the Temporary Staffing Industry as a whole, these goals will not be achieved with the proposed changes to the rate group structure for the Temporary Staffing Industry.

Proposed Classification Structure

The proposed Rate Framework would replace the current experience rating programs (NEER, CAD 7 and MAPP) with an Employer Level Premium Rate Adjustment that prospectively sets rates.

Two of the main, existing rate groups for the staffing industry (929 - Supply of Non-clerical Labour and 956 - Supply of Clerical Labour) will be eliminated and Temporary Staffing agencies will be required to report under all 34 groups, matching the rate group of each particular client they are working with. Adecco estimates that we have clients in about 25 of the 34 rate groups, which will result in reporting under 25 different rate groups.

This dual change of both eliminating the NEER and having the Temporary Staffing Industry report under all 34 new rate groups of our clients would have the following consequences:

Aggregation

The change for the Temporary Staffing Industry will be to go from two primary rate groups to up to 34 based on the rate group of client we are working with. Contrary to the stated goal, this means Adecco will not have "significantly fewer" but significantly more rate groups. This will not lead to less complexity, but more and more related costs on new systems, more complex tracking,

more complex and time consuming premium remittances and audits. It will also increase, not decrease the opportunity for miss-classification and premium rate “shopping”.

Transparent and Understandable

There is no means to understand the financial impact and no simple way to model the costs associated with this dual change of eliminating NEER and introducing 34 rate group reporting. We can speculate that our NEER rebates will translate into lower premiums in the future, however we'll probably never know as we don't currently work in any of the proposed 34 rate groups today. If we kept the existing Temporary Staffing 929 and 956 rate groups going forward we would have some degree of transparency and be able to measure the financial impact of the NEER elimination and adjust our cost structure and client pricing and contracts accordingly.

Clear and Consistent

The proposed change is neither streamlined nor simpler for the Temporary Staffing Industry as the change is going from 2 primary rate groups to 34 rate groups. For all the business today under the 956 – Supply of Clerical Labour rate group at a premium rate of 0.21 we can see that in every case of the 34 groups the projected rates are significantly higher (ranging from 0.47 to 9.16 with an average of 2.9). This means that existing client contracts will have to be re-negotiated and in the highly competitive, client controlled market, this will have a negative financial impact to Adecco and our industry.

On the 929 – Supply of Non-Clerical Labour rate group, the changes, depending on the impact of the NEER status could be higher or lower on any given group. There will be a large lack of clarity and consistency with this change that unfairly segregates the Temporary Staffing Industry from other large employers in its treatment and application of the changes. Trying to understand the impact, quantifying it, explaining it to clients and attempts to bring about appropriate price adjustments will be disruptive and costly not only the Staffing Agencies but could also have a tangible financial impact to for every one of our clients, which includes almost all of the largest companies in Canada.

Fairly Allocated Premiums

As Temporary Staffing Agencies have their own rate groups today and do not work in any of the proposed new 34 rate groups they should not be treated as a new employer and pay the class average for that group regardless of its history under existing rate groups and NEER status. This is punitive to those Staffing Agencies, like Adecco, who have best-in-class safety records and claims history and is not in keeping with a goal of fairly allocated premiums. Maintaining the existing rate groups for the Temporary Staffing would remove this issue of premium discrimination and allow for a reasonable transition to the new non-NEER environment.

Ease of Administration

Finally a change from 2 to 34 rate groups creates significant costs on systems changes and training and client education and negotiation that we will have to absorb and other Ontario employers will not be subject to. If adopted, going forward we will have the costly effort to properly classify, track and be subject to audit for up to 34 rate groups. An initial estimate of the systems and training costs exceed \$100,000 for Adecco alone. If you multiply that across the thousands of Temporary Staffing companies the costs just to implement this major change (ignoring the increased costs of the changes themselves) will be in the tens of millions of dollars, a significant impact to an industry with single digit profit margins.

Conclusion

Adecco suggests that it would be unfair and discriminatory to Adecco and the Temporary Staffing Industry to have the dual changes of the elimination NEER and the elimination of its two rate groups to be replaced by up to 34 rate groups at the same time. No other Ontario employer would be so greatly impacted and this appears to be punitive to the \$10B Staffing industry in Ontario.

Recommendation

The WSIB should implement just one change for the Temporary Staffing Industry at this time which is the elimination of NEER and keep the two primary existing rate groups 929 and 956 so we are on the same footing as all Ontario employers with fewer, not more rate groups. This would allow Temporary Staffing employers to determine the impact of losing their NEER rebate with expected lowered premiums within the same groups they currently work under. It would allow for us/them to make appropriate adjustments to our cost structure and pricing. It would also minimize the financial burden to the industry and disruptions to all Ontario businesses that contract for Staffing services that this change would bring.

I ask that you give serious consideration to maintaining the current rates for the Temporary Staffing Industry as WSIB moves forward in this exercise to replace NEER with prospectively set rates.

Regards,



Doug Hamlyn

VP Finance

Adecco Employment Services Limited