



Bill 88, Working for Workers Act, 2022

NACCB Submission to the
Legislative Assembly of Ontario

March 29, 2022

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Executive Summary

The National Association of Canadian Consulting Businesses (NACCB) is the voice of professional staffing services to businesses across Canada. NACCB member organizations provide professional staffing services primarily by matching and placing *knowledge workers*¹ —highly-skilled professionals who offer their services to the end-user client on a contract basis—with clients in four distinct sectors: Information Technology, Engineering, Finance, and Legal.

The NACCB welcomes the introduction of Bill 88 and the recognition that knowledge workers are a distinct part of the contingent workforce that requires a different approach than precarious workers. We believe the proposed legislation balances the needs of these highly-skilled, highly-paid workforce with the need to protect vulnerable workers engaging in precarious work.

More broadly, the NACCB main public policy goal is to inform elected members and governments about the role of staffing agencies and knowledge workers in the workforce of tomorrow. Much has been written about the massive growth in contingent work - a phenomenon that countries around the world are grappling with. While the growth in this work arrangement is understood, it is often only remarked upon as it relates to the “gig economy.” The contingent workforce is far more complex and vibrant than just this subset and can also represent a massive economic opportunity for Ontario in the higher echelons of value-added work in the IT, financial, legal, and engineering fields.

The NACCB is always open to brief public policy makers and elected officials on these new dynamics at any time. We understand that all jurisdictions will need to grapple with the rise of contingent workforces - we just ask that public policymakers look to find differentiated solutions that consider the diverse needs of these workers.

Thank you for your careful consideration of the submissions set out in this response. We look forward to receiving your response and continuing this important dialogue.

Sincerely,

Michael Leacy
President, NACCB

¹ The term “knowledge worker” is attributed to noted author and management consultant, Peter Drucker, who was one of the first to foresee a shift toward a “knowledge society” and the importance of knowledge workers for the modern economy. Various commentators have noted the absence of a consensus on the meaning of “knowledge worker,” but the description proposed in these submissions highlights the key features of these workers.

About the National Association of Canadian Consulting Businesses (NACCB)

The NACCB is an association that provides professional staffing services to businesses across Canada. NACCB member organizations provide professional staffing services primarily by matching and placing Knowledge Workers —highly-skilled professionals who offer their services to the end-user client on a contract basis—with clients in four distinct sectors: Information Technology (IT), Engineering, Finance, and Legal.

NACCB member organizations have approximately 38,000 Knowledge Workers on assignment and have 2,800 employees working internally at their businesses. Annual revenues generated through the provision of services by NACCB member organizations alone is approximately \$3.75 billion across Canada, with most generated within Ontario.

The NACCB represents the interests of its members to the government and works with members to ensure that public policy makers understand the industry and the important part it plays in Canada's economy.

NACCB members support 83% of the *Financial Post's* list of the largest 500 companies in Canada by connecting them with the professionals with the skill sets they need. In this way, staffing agencies function as “matchmakers” by using their knowledge of both end-user requirements and Knowledge Worker skill sets to ensure that appropriate workers are apprised of existing opportunities with businesses in need of their skills.

Canada's Contingent Workforce: A Growing Form of Employment

The contingent workforce is a broad sector of workers that ranges from freelancers and temporary employees to independent contractors and consultants who work for organizations on a contingent basis rather than as full-time employees of the organization.

Benefits of the contingent workforce.

- **Flexibility** is the key benefit of the contingent workforce. Organizations hire contingent workers on an ad-hoc and on-demand basis, and then end their engagement once the work requirement is met or re-deploy them to other projects.
- **Filling skills gaps:** A contingent workforce also helps businesses offset a skills gap. Contingent workers are already equipped with the skills required by businesses to execute a project efficiently.

Pre-pandemic, 25-30% of the workforce was contingent: A 2019 article from Forbes Magazine mentioned a study from *Intuit* found that approximately 25-30% of the US workforce was contingent, with more than 80% of large corporations planning on substantially increasing their use of a flexible workforce in the coming years. At that time, they predicted that contingent workers would exceed 40% of the workforce by the end of 2020.

The pandemic has accelerated this trend: NACCB members report that the pandemic has increased the adoption of contingent workers. With remote work becoming the “new norm,” it looks like the future of work has arrived early. An Upwork study in 2020 predicted that by 2025, the number of North Americans working remotely will increase by 87% compared to pre-pandemic levels. A current NACCB member, the Ian Martin Group with 400 employees and 4,500 contractors, has decided to allow employees to choose if they want to return to the office, work from home, or a work a hybrid model. 62% of their current contractor workforce are continuing to work remote and will likely do so into 2022.

Many industrial contingent workers are at risk of precarious employment, and NACCB supports Ontario's regulatory efforts to protect at-risk contingent workers.

Contingent workers are 12.5% of Ontario's total workforce: In Ontario alone, it is estimated that about 12.5% of the total workforce of 5.25 million identify as self-employed, which is about 630,000 contingent workers.

Knowledge Workers are a Secure Segment of the Contingent Workforce that is not at risk

Knowledge Workers: While all workers apply knowledge and thought in their work, the term “Knowledge Worker” refers to a special category of worker whose primary working capital is their own knowledge and ability to apply it with highly developed problem-solving skills.

Knowledge Workers are highly skilled individuals who are sought after by organizations and command a significant premium for their services.

Knowledge Worker rates range depending on experience and level of expertise they possess. Rates begin at \$40/hour and go up to \$250+/hour or more.

Position	Payrate	Annual Salary
Project Managers	\$80 - \$110 / hour	\$147,000 - \$202,125
Business Analysts	\$65 - \$90 / hour	\$119,437.5 - \$165,375
Software Developers	\$75 - \$120 / hour	\$137,812.5 - \$220,500
Cyber Security Experts	\$100 - \$150 / hour	\$183,750 - \$275,625

In comparison, Canada’s average employment income was \$47,300 in 2019, or approximately \$25.75 / hour.

Knowledge Workers perform work that underlies and permeates Ontario’s modern economy and, indeed, most aspects of modern life.

While there is no definitive source on the number of contingent Knowledge Workers in Ontario, NACCB members represent 40 of the 400 staffing agencies operating in the province and employ approximately 38,000 Ontarians. NACCB clients’ Knowledge Workers often represent up to 50% of the workforce on a given project.

The Difference between Knowledge Workers and Precarious Workers

Contingent workers are not a homogeneous group, and there is a distinct difference between contingent work and “precarious employment.” Many contingent workers are not economically vulnerable, meaning there are effectively two categories of contingent workers:

- Those who find themselves in a state of uncertainty, shifting from role to role, occupying low-skill or low-demand positions; and
- Self-employed workers or independent contractors with highly demanded skills who are happy and fulfilled.

“By choice and by necessity: By virtue of their highly in-demand skills, Knowledge Workers are contingent workers by choice. They should not be confused with vulnerable workers who are contingent workers by necessity.”

There are many reasons why an independent model is particularly suited to some workers over others.

- Many Knowledge Workers demonstrate a preference for moving through a series of challenging projects and applying their expertise to different challenges, rather than clinging to long-term employment commitments. Working independently allows for:
 - Expanded earning potential;
 - Greater personal flexibility; and
 - Enhanced ability to grow professional skillsets.
- Data shows that only 7.5% of self-employed people and 9.4% of independent contractors would prefer another type of employment.

Knowledge Workers can choose a different career path.

- The unemployment rate of technology workers is currently 2.4%, with full employment generally being defined between 4 – 6%. This means that there is a large shortage of these types of workers that allows them to negotiate high-pay or change jobs.
- Traditional employee relationships are the norm in the knowledge economy with 706,000 IT, Engineering, Finance, and Healthcare sector workers in Ontario, and only approximately 55,000 involved in temporary work arrangements (<13%).

Knowledge Workers in these circumstances are not vulnerable workers engaging in precarious work; rather, they operate on a contingent basis precisely because they have specialized knowledge to offer many organizations and projects.

NACCB Supports Bill 88

The NACCB welcomes the legislative changes in Bill 88 and believe they strike a balance between protecting precarious workers and recognizing the distinctive nature of highly-skilled consultant labour that demand a premium for their service.

The Province of Ontario's labour rules can benefit from modest updating to ensure fairness and relevance to the Knowledge Worker economy and to ensure Ontario businesses can remain competitive with those in other jurisdictions. Knowledge Workers are critical to revitalizing our post-pandemic economy, but legislative clarity is needed so we can kickstart our economy and build back better.

The NACCB and its members are happy to further advise and work with elected officials and share our insights on the needs of Knowledge Workers so that we can ensure our economy, and everyone involved in driving it, continues to thrive.