

New Licensing Requirements for Temporary Help Agencies and Recruiters in Ontario

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July 31, 2023

Temporary help agencies and recruiters play a crucial role in the labour market in Ontario, connecting job seekers with temporary or contract work opportunities and assisting businesses in finding skilled workers. Commencing on January 1, 2024, temporary help agencies and recruiters operating in Ontario will be required to have a licence to operate.

Temporary Help Agencies and Recruiters

Effective January 1, 2024, Ontario's *Employment Standards Act, 2000* (ESA) will be amended to require temporary help agencies and recruiters to hold a licence to operate, and clients of such agencies will be prohibited from knowingly engaging or using the services of a temporary help agency or recruiter unless they hold a licence.

The Ontario government has also clarified the types of businesses to whom these new rules will apply.

A temporary help agency is defined as “*an employer that employs persons for the purpose of assigning them to perform work on a temporary basis for clients of the employer*”. Importantly, the new licensing requirements will also apply to temporary help agencies located outside of Ontario that assign employees to work in Ontario.

A recruiter is defined as “*any person who, for a fee, finds or attempts to find employment in Ontario for prospective employees*” or “*any person who, for a fee, finds, or attempts to find, employees for prospective employers in Ontario*.” It should be noted that the regulations under the ESA list multiple exceptions to the definition of recruiter and should be reviewed prior to applying for a licence.

Licensing Requirements

Both temporary help agencies and recruiters are currently eligible to apply for a licence.

Applicants will be required to provide specific information when applying for a licence or a licence renewal, including a \$750 application fee and an electronic irrevocable letter of credit in the amount of \$25,000.

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Applicants may be denied a licence under certain circumstances, including if the applicant is not registered with the Workplace Safety and Insurance Board, is in default of filing a return under a tax statute, or has been convicted of certain crimes.

Clients and Employers

As noted above, clients and employers who utilize temporary help agencies will be prohibited from knowingly engaging or using the services of a temporary help agency unless the agency holds a licence. Similarly, clients and employers will be prohibited from knowingly engaging or using the services of any recruiter unless the recruiter holds a licence. Each prohibition applies starting January 1, 2024, unless a transitional period applies to the temporary help agency or recruiter.

Temporary help agencies and recruiters will be provided with a transitional period if they submit their initial application before January 1, 2024. Specifically, the licensing requirements will only come into effect after:

- a 30-day period after the day on which the ministry serves the temporary help agency or recruiter notice of the refusal
- the period during which an application to review the refusal is ongoing with the Ontario Labour Relations Board, unless the Board orders otherwise

Violations of the licensing regulations could result in monetary penalties and/or prosecution.

Bottom Line

Temporary help agencies and recruiters operating in Ontario should proactively prepare to meet the new licensing requirements to continue their operations. Similarly, clients and employers should review their internal processes to ensure they request the required information prior to engaging temporary help agencies and recruiters.

This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.