



Staffing Your Company: Make Sure You Comply with the New Ontario Licensing Requirements

August 2023 Employer Alert

Over the last several decades, staffing companies have become an important part of our economy. They provide employers across multiple sectors with experienced and trained workers, as and when needed. This is particularly important for employers who experience fluctuating staffing needs. Similarly, staff recruiters assist many businesses with finding that key individual for a hard-to-fill role.

As a result of amendments to the *Employment Standards Act*, all staffing companies and recruiters who provide staffing services in Ontario will need to be formally licensed as of January 1, 2024. The Ontario Government has now published [the regulation](#) that establishes the licensing framework and as of July 1, 2023 staffing companies and recruiters are now able to apply for a licence.

Who is a Staffing Company?

The new licensing requirements apply to all temporary help agencies and recruiters (with limited exceptions). The Ontario Ministry of Labour provides in [its guide](#) that the term “temporary help agency” applies broadly to all businesses that hires employees to assign them work for the clients of the employer. As such, some businesses that may not consider themselves a staffing company, may still be deemed a staffing company. For example, an IT business that assigns its employees to work at client workplaces may need to secure a staffing company licence. Similarly, a health care business that assigns its health care

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workers to work at client workplaces may need to secure a staffing company licence. It should be noted that whether a health care business is a staffing company also has substantial GST/HST implications, as was addressed in [our recent Tax Alert](#).

How Does a Staffing Company Get Licensed?

As of July 1, 2023, temporary help agencies and recruiters are now able to apply for their licence. To be licensed, staffing companies and recruiters will need to submit an application via the Ontario Ministry of Labour's [online portal](#). The application must include a substantial amount of information regarding the business, including the names and addresses of all officers, directors, and partners, criminal record details for all officers, directors, and partners, and the address of each location of the business inside and outside of Canada. The application must also be accompanied by an electronic irrevocable letter of credit of \$25,000, as issued by a Canadian bank or credit union. There is also an application fee of \$750.

How do Clients Confirm if a Staffing Company is Licensed?

The Ontario Ministry of Labour has established a [webpage](#) listing all currently licensed staffing companies and recruiters. The list is sortable by the legal name of the business and can be searched. As such, it is easy for businesses to confirm that the staffing company or recruiter they intend to use is licensed. It is recommended that a screen shot of the webpage be saved, as proof of confirming the business was licensed.

What Happens if a Staffing Company is Unlicensed or a Business Uses an Unlicensed Staffing Company?

Staffing companies and recruiters who fail to be formally licensed will face fines ranging from \$15,000 to \$50,000. In addition, any clients who use unlicensed staffing businesses may also face similar fines. As such, any business providing staffing services should take the time to become familiar with the new licensing requirements and ensure they are properly licensed by January 1st. Similarly, any business that uses staffing services should take the time to confirm the companies they use are properly licensed.

If you are a staffing company and would like assistance with the licensing application process or if you regularly use the services of staffing companies and would like to know more, **please contact our firm.**

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