

# Precarious

## Temporary Agency Work in British Columbia

### SUMMARY

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**RARELY DOES A WEEK PASS** without mention of the realities of the “new economy”—lacklustre employment numbers, deteriorating job quality and the increasingly elusive permanent job. Employment norms are being remade to provide greater “flexibility” for employers while delivering precariousness for workers. We are witnessing a shift away from the standard employment relationship of permanent work to a labour market increasingly characterized by various types of temporary employment. The rise of temporary agency work is part of this larger story.

This research provides a glimpse into temporary agency work (“temp work”) and the experiences of British Columbians engaged in this precarious form of employment. Public policies have not adequately addressed changing employment norms related to the increase in labour market intermediaries and temporary agency work. This study makes policy recommendations aimed at reducing the precarious nature of temporary agency work.

Temporary agency work is characterized by a triangular employment arrangement where an employment agency is contracted by a client firm to supply temporary labour in its workplace. The worker is supervised by the third-party client, but the worker remains an employee of the agency.

This project employed 31 in-depth interviews with temporary agency workers (TAWs), agency staff and industry insiders, and former BC Employment Standards Branch staff. The study draws upon a number of studies, statistical surveys, BC Employment Standards Branch licensing data and a Freedom of Information request.

by Andrew Longhurst

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for POLICY ALTERNATIVES  
BC Office

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## KEY FINDINGS

- Temporary employment (which includes contract, seasonal, casual and agency work) is on the rise. Between 2004 and 2013, permanent employment accounted for 76 per cent of new BC jobs and temporary employment accounted for 24 per cent. In the years following BC's recession (2009–2013), 60 per cent of BC jobs created were permanent and 40 per cent were temporary.
- Temporary jobs are growing more quickly than permanent jobs. From 2004 to 2013, temporary jobs grew at a rate of 30 per cent, while the rate of permanent job creation stood at 13 per cent. In the post-recessionary period (2009–2013), the rate of temporary job creation (21 per cent) again exceeded the rate of permanent job creation (4 per cent).
- The employment services industry, a proxy measure of temporary agency work, is growing. In BC, the industry grew from 8,848 jobs in 2004 to 19,580 by 2013; operating revenues increased from \$355 million in 2004 to \$675 million in 2012.
- Temporary agency work is a type of precarious employment, based on qualitative and statistical evidence of the following: limited duration and high risk of termination; workers' lack of control over working conditions and the amount and pace of work; lack of protection, particularly through the Employment Standards Act (ESA); low incomes; and debt burden associated with temporary agency work.
- A majority of TAWs are women, and race and citizenship status significantly shape the experience of these workers. Approximately 33 per cent of new Canadian immigrants seek entry into the labour market through employment agencies (although not all of these are temporary employment agencies).
- Some interviews with low-income Vancouver Downtown Eastside residents and day-labour employment agency staff suggest that the bottom end of the employment services industry—particularly day-labour—benefits from low income-assistance rates. People on welfare (both basic and disability benefits) are allowed to earn and keep some income. But inadequate income assistance rates, which have been frozen since 2007, ensure that day-labour agencies have a consistent supply of marginalized people seeking out work, however precarious.
- The majority of workers interviewed sought full-time, permanent employment. They pursued temporary agency work as a last resort, contrary to industry rhetoric that often depicts temporary agency work as a lifestyle choice. TAWs spoke of the challenges posed by the uncertainty of their employment. Many expressed anxiety over their financial insecurity and inability to make important life plans, and they desired the workplace benefits generally associated with permanent employment.
- Although temporary agency work is often defended as offering a “foot in the door” for people seeking more permanent employment, in practice it often has the opposite effect. “Buy-out clauses” constrain the labour market mobility of TAWs by requiring employers to pay a fee to temporary agencies if they wish to hire TAWs directly. Interviewees report that this has prevented client firms from hiring TAWs permanently. Some interviewees described temporary agency work as a “trap,” since it provides needed income if no other work is available, but the

longer a person works as a temp, the harder it becomes to secure permanent employment.

- Interviewees reported great difficulty in securing sufficient hours of work. Some, despite patching together assignments via numerous employment agencies, failed to gain full-time hours.
- Many TAWs, despite vigorously seeking employment, live in poverty. According to a 2004 Statistics Canada survey, total yearly median income for TAWs in Canada was \$7,850 compared to \$31,360 for permanent employees. TAWs interviewed for this research universally reported low incomes and described living in poverty as a result of wages at or a few dollars above the minimum wage (even though the hourly bill rate between the client firm and the employment agency was substantially higher).
- TAWs reported taking out loans and accumulating debt as coping strategies to deal with the reality of precarious employment and low wages.
- TAWs are reluctant to decline assignments because they need the work and fear reprisals for refusal. This means that TAWs may find themselves in undesirable, strenuous, unpleasant and even unsafe assignments. TAWs interviewed, especially men working in general day-labour, confirm that assignments were often the least desirable jobs, tasks that permanent employees would not perform.
- This research uncovered a number of violations of the Employment Standards Act:
  - Approximately two-thirds of Lower Mainland employment agencies were not licensed with the Employment Standards Branch. Furthermore, five of the unlicensed employment agencies had been cited previously for unlicensed operation.
  - Non-payment for travel time between the employment agency and work assignment.
  - Agencies calling TAWs into work for promised assignments that did not materialize, leaving the workers with no pay.
  - TAWs being required to attend unpaid training sessions as a condition of employment.
- Notably, none of the TAWs interviewed used the Employment Standards Branch's "self-help" dispute resolution process to address rights violations. Because they feared reprisal and needed assignments, TAWs felt unable to address or complain about employment standards violations.

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## KEY RECOMMENDATIONS

- Strengthen enforcement of the Employment Standards Act. Restore the enforcement capacity of the Employment Standards Branch, and conduct regular audits of employment agencies.
- Ensure employment agency licensing compliance. Impose higher penalties on both unlicensed employment agencies and client firms that use unlicensed agencies.

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- Eliminate the “self-help” kit and dispute resolution process, and ensure that workers who believe their workplace rights have been violated have the ability to complain directly to the Employment Standards Branch. It is inappropriate to expect vulnerable workers in insecure positions to advocate for themselves when they have been denied pay and hours to which they are entitled.
- Modernize the Employment Standards Act to adequately regulate employment agencies and the triangular employment relationship. This will provide greater clarity, protection and fairness for all parties involved in the triangular employment relationship.
- Adopt the principle of equal treatment. The ESA should ensure equal treatment for TAWs performing work comparable to that of permanent workers, including pay, statutory and employer-sponsored benefits and working conditions.
- Require that all TAWs be provided with written information about their employment rights; detailed information about the employment agency with which they are registered; and, for each assignment, a signed information document outlining the pay, hours, assignment duration and working conditions being offered.
- Provide certainty in the length of temporary agency assignments by requiring employment agencies to offer a new assignment at the same pay rate or compensation for lost pay if an assignment prematurely ends.
- Encourage transition to permanent employment by prohibiting “buy-out clauses” that impose a fee on client firms that wish to offer direct employment to TAWs, and prohibit clauses that restrict such mobility.
- Increase the minimum wage to reduce the economic hardship associated with temporary agency work.
- Conduct frequent and reliable statistical surveys to provide detailed portraits of non-standard employment, including temporary agency work, so policymakers can effectively address the transformation of the labour market.



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Andrew Longhurst conducted this research while serving as the inaugural Rosenbluth Intern in Policy Research, an award which provides mentorship and financial support for a graduate student to conduct an original research project on public policy as it relates to social, environmental or economic justice.

The opinions and recommendations in this report, and any errors, are those of the author, and do not necessarily reflect the views of the CCPA.

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