

August 22, 2017

Emily Yorke
Office of the Minister of Finance
90 Elgin St, 17th floor
Ottawa, On K1A 0G3

Dear Ms. Yorke

Thank you once again for the opportunity to meet with you earlier this summer. While I understand that my colleague sent you a letter in follow up to our discussion, upon reflection I recalled that you made the comment that your intent was to wait and see how things progressed with the Ontario government's second reading of its Fair Workplaces, Better Jobs Act" (Bill 148).

With all due respect, I feel compelled to suggest that waiting might put your programs at risk and once Ontario starts down the path that it seems intent on going down, risk will have been introduced and whatever unintended consequences that result will be irreversible.

Subsequent to our conversion, the APCC made inquiries with Statistics Canada where we learned that their research in this area is both limited and somewhat dated. The information that is available, including a business registration survey released on Feb 15, 2017 (Attachment D), indicated that micro business (1 to 4 employees) made up 5.9% of Ontario's employers. In addition to being a meaningful number of workers, the common understanding is that these firms contribute an even greater percentage of Ontario's GDP given their positioning in high-growth sectors.

In the absence of market-related information from Statistics Canada, I have included two reports which comment on current trends. One was published by McKinsey & Co. (Attachment A). The other was commissioned and published by Randstad (Attachment B). Both highlight statistics which validate the trend toward the engagement of labour under contract in the market. A July 2017 article, also from McKinsey & Co. (Attachment C), goes further and asks if FTE jobs are "going the way of the dinosaur", a view that I support to some degree. Each article provides insights as to why this trend is occurring. Notably tax evasion or the "sprinkling" strategy suggested by the CRA, is not one of the reasons.

An additional report published by the Canadian Centre of Economic Analysis CANCEA (Attachment E) highlights a number of concerns and advances concerns about negative financial impact on Ontario's economy. They refer to economic risks that they see for Ontario's economy without even considering those risks that we are bringing to your attention.

We live and work in a global market and it occurred to me that within the Federal government you might be somewhat insulated from the competitive pressures that reality places on the private sector. On a surprisingly regular basis, multiple times a week, I receive solicitations from global firms offering to out-source services. Attachment F is an example of the typical of the solicitations that I receive.

Recognizing that I am not alone in these solicitations, my fear is that new legislation will suggest to clients that they are at risk and that their current and other off shore service providers, such as the sender of this email, will be proposing no risk, lower cost solutions. An estimated 20,000 knowledge worker jobs have already been placed off shore which suggests that approximately \$7 billion in taxable

income has been removed from our economy. My concern is that more could follow if corporations conclude that the challenges of making the move offshore are less than the risks of remaining on-shore. History has shown that once jobs go offshore, they do not come back.

The good news is that Canada has the most advanced business model for the delivery of knowledge worker services within any of the G8 countries. It works and it works well to the government's advantage, to the advantage of our corporations and to the advantage of the knowledge Workers and Services Workers who benefit from employment.

However as it goes with any process there is always the opportunity for continuous improvement and our model is no exception. Do we all want to protect the workers at the lower wage levels, absolutely. Will the proposed changes do so, regrettably no. In fact not only will they not help those they want to help, they will reduce their opportunities.

I would therefore ask, along with the APCC, that the dialogue be continued with a view to finding the optimal solution. These core issues were not the focus of the consultations and it what could be drastic changes are to be made, consultations are required. In order for that to happen suasion needs to be brought to bear on Ontario's government suggesting that they withdraw the provisions suggested in item 126 of the Changing Workplaces report until sometime in the future. Regrettably, at this point, this concept is both a step too far and a step in the wrong direction.

Again my thanks for your time, dialogue and interest.

Best regards.

Frank McCrea.