ONTARIO CHANGING WORKPLACES REVIEW PROCESS HAS BEGUN - SOME PRELIMINARY THOUGHTS

As previously reported, the Ontario Ministry of Labour announced on February 15, 2015, that they would undertake a Public Consultations on Labour Laws. The public consultations will:

.... focus how the Labour Relations Act, 1995 and Employment Standards Act, 2000 could be amended to best protect workers while supporting businesses in our changing economy.

The Ministry appointed C. Michael Mitchell and the Honourable John C. Murray as Special Advisors For Changing Workplaces Consultations.

The Minister of Labour, Kevin Flynn (the MPP for Oakville) wants the review process to be completed within 18 months and has suggested a more proactive enforcement of Bill 18 (discussed in our recent client ebook 2014 Labour and Employment Law Year-in-Review).

The Consultation process is now underway and the schedule of meetings can be found here.
The Ministry has also published a roadmap in the form of *Changing Workplaces Review Guide to Consultations*.

**Some Musings in these Early Days**

It seems clear that employee-rights advocates and trade unions will be pushing forward an agenda of significant change to the Employment Standards Act, 2000 (the “ESA”) and the Labour Relations Act, 1995 (the “LRA”). These changes, if ultimately adopted, will shift the labour relations landscape to the left while restricting operational flexibility.

I wrote an article in 2004 in which Chris Bentley, the Minister of Labour, rose in the Legislature to introduce Bill 144 (Labour Relations Statute Law Amendment Act, 2004) and said:

“Ontario’s prosperity has historically relied on a fair and balanced approach to labour relations. Fairness and balance promote confidence in the law, which encourages productive relationships.

This approach helped ensure a prosperous Ontario for decades. It was an approach to labour legislation recognized, and supported, by those of all political stripes.

Unfortunately, recent years have seen a departure from those principles. Long-term stability was sacrificed for short-term advantage. This was not in the best interests of the province.”

The government’s press release, at the time, put the issue more bluntly:

“Since 1990, Ontario’s labour laws have swung unfairly in favour of one side or the other,” said Bentley. “We intend to restore balance, giving all Ontarian’s equal confidence in our laws. This would promote the harmony and stability in the workplace that are vital for a prosperous and productive economy.”

While the current Minister of Labour in announcing the review says that any amendments to the legislation will balance employee interests “while supporting businesses in our changing economy”

history has shown that it is difficult to strike a truly “fair” balance.

**The Context of the Discussion**

A number of recent publications (among others) frame the context of the discussion so far as trade unions and employee-rights advocates are concerned.

- Still Working on the Edge released on April 7, 2015 and published by Workers’ Action Centre, a labour rights advocacy group;
- A Higher Standard - The Case for Holding Low Wage Employers to a Higher Standard released in June 2015 and published by the Canadian Centre for Policy Alternatives;
- Preliminary Submissions of the Ontario Federation of Labour dated June 16, 2015 and it’s Briefing Note;
- The Precarity Penalty - The Impact of employment precacity on individuals, households and communities - and what to do about it published in May 2015 by the Poverty and Employment Precarity in Southern Ontario (PEPSO) research group.

The time you invest in reading these documents is time well spent though doing so might lead to some sleepless nights.

Two themes emerge from the above publications:

- Precarious employment is on the rise in Ontario and the current protections afforded by the ESA and LRA are insufficient to protect these employees; and
- Unions provide a pathway out of poverty and the LRA must be amended to make it easier for employees to unionize.

While the present process will probably not result in the dramatic reforms we saw in the days of Bob Rae (Bill 40) or Mike Harris (Bill 7), the “tweaking” that will likely come out of Changing Workplace Review will certainly impact employers in some meaningful ways.

**The US Experience**

The issue of precarious employment is not confined to Canada, of course. As I write this the news is filled with stories in the United States where...
significant amendments are being proposed at the Federal level and considered at the State level.

The Washington Post reported on June 29, 2015 in an article President Obama raises the overtime salary threshold, reestablishing a key labor standard that:

By significantly increasing the salary threshold below which salaried workers get overtime pay, President Obama just took a big step toward updating a critical labor standard with the potential to boost the paychecks of millions of middle-wage workers, many of whom should be getting overtime but are not.

This proposals involves updating the Fair Labor Standards Act (“FLSA”). Specifically, salaried employees earning about $455 a week are exempt from overtime. President Obama would more than double the exemption threshold to $970 a week. The effect of this would extend overtime pay to millions.

President Obama, writing in the Huffington Post (A Hard Day’s Work Deserves a Fair Day’s Pay) relies on the Supreme Court of the United States decisions last week reaffirming the Affordable Care Act and guaranteeing marriage equality to same-sex-couples to support the extension of overtime protection “to nearly 5 million workers in 2016, covering all salaried workers making up to about $50,400 next year.”

In the face of mounting pressure from groups such as Fight for $15, New York inches closer to a $15 an hour minimum wage for fast food workers. On May 7, 2015, Governor Andrew Cuomo instructed Acting State Labor Commissioner to empanel a Fast Food Industry Wage Board to investigate and make recommendations on an increase in the minimum wage in that industry.

The New York Times blog asks whether A Starting Wage of $15 an Hour: The New Normal?

The point here is that there is a real focus on precarious employment and the need to address, through legislation, the challenges and vulnerabilities faced by these employees. Tied into this, as the OFL points out, is that unionization, so they argue, improves the fortunes of this group of employees. Unions have faced challenges when trying to organize these individuals and, therefore, amendments to the LRA are required.

The Union and Employee Approach

Here are some of the proposed recommendations coming from the OFL which focus on the LRA though piggy-back on some of the reforms proposed by the other interest groups calling for a significant changes to the ESA:

1. Card-based union certification
2. Early disclosure of employee Lists
3. Neutral and off-site voting, including telephone and electronic voting
4. Interest arbitration for a first contract
5. Reinstatement following an organizing drive
6. Successor rights for the contract services sector
7. Anti-scab rules
8. Revamping the Employment Standards Act in a manner “that would raise the floor for every worker in Ontario.” For example, the OFL wants to delete every exemption from the ESA (for example, all employees, would be eligible for overtime pay). They also recommend that the overtime threshold in the ESA be reduced from 44 hours to 40 hours and that maximum weekly work be capped at 40 hours.

These proposed amendments if adopted, even in part, will meaningfully shift the balance to the left at the expense of managerial flexibility.

Conclusion

These are early days but they feel a little bit like those heady days of the 1990s when labour legislation was the focus of political battles. Many of the proposals put forward by the OFL, for example, were found in the NDP Labour Relations Act (Bill 40). These were repealed by the Mike Harris Conservatives (Bill 7).

Not surprisingly life was good for labour and employee groups when the NDP was in power and they believe that the time and environment is right today to move the dial back to those days (at least in part). While it is unlikely that they will achieve all of their agenda, it is expected that the Liberals will be receptive to many of their proposals.
Terminating an Employee During the Summer

As we enter the summer months, employers need to be aware of a troubling case called Fraser v Canerector Inc., 2015 ONSC 2138 (CanLII) decided in April of this year.

This was, yet again, a motion for summary judgment (and there is a good discussion of the utility and approach to summary judgment motions in wrongful dismissal cases following Hryniak v Mauldin [2014] S.C.R.87).

The facts are straightforward. The employer terminated Mr. Fraser without just cause. Mr. Fraser was 46-years old and held a senior position at Canerector Inc.. He had been employed for 34 months at the time of his termination and alleged that he had been induced to leave secure employment by Canerector such that he was entitled to a longer period of reasonable notice than might otherwise be the case. He found work in the industry 10 weeks after his termination albeit at slightly less base salary.

The Court considered the inducement issue first and found, on the facts, that Mr. Fraser had not been induced “to leave his prior employment in such a way as to impact the assessment of an appropriate notice period for the termination of his employment.” Among other things, he was hired subject to an initial probation period of three months which was, of course, inconsistent with an offer of secure employment (one of the components of inducement). As the Court commented:

One is not induced to leave secure employment with an offer of precarious employment at lower base salary unless the employee is already more than willing to consider the proposition without inducement. One has no need to knock on an open door. Mr. Fraser wanted this new position and was as anxious to sell his qualities to the defendant as they were to vaunt their merits to him.

What happened here, and through the interview process was “the stuff of normal persuasion, not inducement.”

For some additional considerations on inducement see McCulloch v Iplatform Inc., 2004 CanLII 48175 (ON SC) and Inducement and its impact on Reasonable Notice.

The Court then went on to discuss the applicable period of common law reasonable notice.

While more art than science, determining the period of reasonable notice of termination has a long history in Canada. The leading case on the factors to consider in the analysis is Bardal v. The Globe and Mail Ltd. [1960] O.W.N. 253 (H.C.J.) where Chief Justice McRuer set out the most important considerations as follows:

There can be no catalogue laid down as to what is reasonable notice in particular classes of cases. The reasonableness of the notice must be decided with reference to each particular case, having regard to the character of the employment, the length of service of the [employee], the age of the [employee] and the availability of similar employment, having regard to the experience, training and qualifications of the [employee].

Determining the period of reasonable notice in any case involves an individualized assessment of the relevant factors and coming up with a range of notice rather than one exact number. As such, some factors come into the assessment, while others are less important, depending on the case.

And that brings me to what I really want to discuss here. The Court in Fraser felt that the “time of year” when the termination was carried out was a relevant factor in deciding on the period of reasonable notice. Here’s what the judge had to say:

I find that for a man of Mr. Fraser’s age and level of responsibility but relatively short years of service, I must also account for the time of year when his employment was terminated in assessing reasonable notice. Mr. Fraser’s employment was terminated in June and it was quite foreseeable that hiring decisions at his level might have
needed to be delayed somewhat due to the summer months in order to account for vacation schedules of key decision-makers. While his term of service might normally suggest a relatively shorter period of notice, timing plays a bigger role where notice is short. While timing in fact was no impediment in this case (Mr. Fraser having found new employment by August), that is a conclusion enabled by hindsight. [Emphasis added]

What? The case does not lay out any evidence that supports this statement. The Court, as it has in many cases of late, seems to take “judicial notice” of the “fact” that it is harder to find work in the summer or that it will take longer to find work in the summer than, say, in the winter (except, one would assume, during the holidays in December).

Again, there might well be evidence and data backing up the statement that it was “quite foreseeable that hiring decisions at his level might have needed to be delayed somewhat due to the summer months in order to account for vacation schedules of key decision-makers”, I’m just not aware of it.

In any event, the Court decided that Mr. Fraser was entitled to 4.5 months reasonable notice of termination in the circumstances, less amounts previously paid by the employer to Mr. Fraser in respect of reasonable notice period.

The Court notes that:

Absent my consideration of the potential negative impact of the summer break on Mr. Fraser’s job prospects, I should have awarded a somewhat shorter period of notice (three months).

In other words, time of year bumped up the period of reasonable notice by 1.5 months.

**Conclusion**

This is a troubling case that supports that the time of year when a termination takes place is a factor to consider in deciding on the period of reasonable notice.

I would have thought that the time of year when the termination takes place might impact a mitigation (or failure to mitigate) argument and then only where the plaintiff or defendant, as the case may be, provides evidence to support its position, I have trouble understanding that time of year should extend (or contract) the period of reasonable notice.

For example, if the employer terminates an employee in September, should this reduce the period of reasonable notice (because, I guess, the key-decision makers are back from vacation)?

The point, here, is that this case will certainly be relied upon by employees, and their lawyers, to increase their entitlement to reasonable notice where the termination takes place in the summer months or in December.

*Michael P. Fitzgibbon*

**Technology in the Workplace**

On June 5, 2015, I spoke at the Law Society of Upper Canada’s *Six Minute Labour Lawyer* conference attended by over 300 labour and employment lawyers. My topic was *Privacy Considerations in the Electronic Workplace* (if you’d like a copy of the paper, send me an email). One of the topics I discussed was social media such as blogs, Facebook, Instagram, Twitter and their impact on employment.

Employee use of social media is of real concern to employers. With a click of the mouse, an employer can be thrust into a PR nightmare. Employees can, indeed, be terminated for what the say on social media (in spite of their arguments that, somehow, freedom of speech protects them).

There is a growing body of case law supporting an employers’ right to discipline an employee for their actions on social media.

The first direct Facebook firing case in Canada is *Lougheed Imports Ltd. (West Coast Mazda)*, which was an unfair labour practice complaint under the British Columbia *Labour Relations Code*. The Board noted, that while employees have a right to express their opinions “about work related issues” those expressions may have consequences within the employment relationship.”
In Canada Post Corp. v. Canadian Union of Postal Workers (Discharge for Facebook Postings Grievance) v. CUPW [2012] C.L.A.D. No. 116 (A. Ponak) the Arbiter observed:

There is ample case law that supports the principle that what employees write in their Facebook postings, blogs, and emails, if publicly disseminated and destructive of workplace relationships, can result in discipline...

The Arbiter upheld the penalty of termination imposed by the employer. In doing so, the arbiter commented:

The current case is unprecedented in the repeated mockery, the threatening language, the vile insults, and the debasement of an identifiable manager. Nor are the postings a momentary lapse, perhaps carried out in a short-lived fit of rage. They take place over more than a month on multiple days.

There are many examples in Canada, and these are just a sampling.

Recent Reminders

The matter was most recently in the media following a posting on Facebook on June 8, 2015 by an employee working at the Brookfield Zoo in Chicago. The employee complained that she was at work “serving these rude ass white people”.

The zoo received dozens of complaints from readers of its Facebook page and visitors.

The zoo released a statement indicating that the employee’s statements were in violation of its policies, it took prompt remedial action and that the individual was no longer employed by the zoo.

Employees are also concerned by the introduction of technology into the workplace and are most suspicious of the employer managing through technology or monitoring their every movement. They often raise issues of privacy in support of their concerns.

A sales executive with the wire transfer company was given a company phone and told to install the Xora app. The app included a GPS component that sent data back to her employer at all times. The employee was concerned and raised these with her employer. She worried that the employer would be able to and would track her 24/7. She deleted the app and her employment was terminated on May 5, 2015. She sued and that lawsuit is winding its way through the system.

Conclusion

These recent cases are good reminders for employers.

Social media sites are sometimes used by employees to publicly air their frustrations about their employer and/or co-workers. Social media can also be used to disclose confidential or proprietary business information. Employees can engage in harassment or bullying of co-workers or customers through their social media activities in breach of statutory and other obligations.

Reputations and lives can be changed in an instant. As such, employers should clearly communicate their expectations regarding proper social media activities and the consequences of failing to comply with these expectations.

Michael P. Fitzgibbon

TERMINATING FIXED TERM CONTRACTS

Fixed-term employment contracts are risky for employers and there are numerous examples of situations where the employer has learned this lesson the hard way and at a significant price.

A few examples of situations where things can go seriously wrong are:

1. Where the employer enters into a series of fixed term employment contracts (Ceccol v. Ontario Gymnastic Federation, 2001 CanLII 8589 (ON CA);
2. Allowing an employee to continue to work beyond the end of the fixed term contract such that the employment relationship can only be terminated upon reasonable notice or pay in lieu of such notice at common law; and
3. Terminating the fixed-term employment contract before the end of the term.
A Couple of Recent Cases - Termination During the Term

The Alberta Court of Appeal considered a mid-fixed-term-contract termination in Thompson v Cardel Homes Limited Partnership, 2014 ABCA 242 (CanLII).

The issue was whether a senior executive, employed under a fixed term contract, was terminated, during the term, without just cause or whether the contract merely expired at the end of its term and was not renewed. The answer to the question was important.

According to the Court of Appeal:

The contract conferred upon the employer absolute discretion to terminate the contract at any time by giving four weeks’ written notice. But if the employment contract was terminated on such written notice, the employee was entitled to receive a lump sum payment of 12 months’ salary.

If the contract was merely not renewed, presumably, no payments were required.

One month before this second fixed-term contract was to expire, the executive was sent a letter informing him that there would be no renewal of the contract beyond the expiry and there would be no new contract entered into. The letter also advised the executive that “would not be required to attend work for the remainder of the term of the contract, although he would be paid to the end of the term. The letter also instructed him to immediately return the keys to his place of employment, his card key and his computer password.” His email access was discontinued.

The President and CEO of the company assumed “all the employee’s duties effective immediately and that his service with the company would end that day (one month before the expiration of the fixed-term contract)” and persons outside the company were “immediately” informed that the executive was no longer with the Company.

The executive argued that the employer terminated his employment triggering the obligation to provide notice and a 12 month salary payment.

The employer argued that it provided the executive with 4 weeks notice that it would not be renewing the contract or entering into a new one, and, to assist him with his job search, relieved him of his obligation to attend at the office to work.

The Trial Judge found that the employee had been terminated when the employer relieved him of his duties and sent him home. As such, the executive had been terminated and was entitled to the contractual severance payment of 12 months’ salary.

The employer appealed and the Court of Appeal dismissed the appeal finding that, viewed objectively, the letter and employer actions constituted a termination. It put the conclusion as follows:

Here the employee was not permitted to continue his employment. He was not permitted to discharge his duties or exercise his powers. They were assumed by another. He was not even allowed to come to the office. These facts can support a finding of constructive dismissal and termination. Even if one could justify a different view of the facts, the trial judge’s view is entitled to deference.

And further:

By not obtaining the employee’s agreement to a parting of the ways prior to the end of the contract, the employer denied the employee the opportunity to complete his tour of duty and all that that entails in an employment relationship. When no attempt is made by an employer to obtain an employee’s consent to early termination of a fixed-term contract, the employer risks a finding of termination. When there is evidence of a unilateral change in the terms of employment, the employer runs the risk of being found by a court to have terminated the employee without cause. These are the findings the trial judge made in this case. And those findings disclose no error. Nor are they unreasonable.

In this case, unlike in many, the employer and employee agreed to a payment should the contract be terminated early. That payment was 12 months...
salary (rather than what was owing to the employee to the end of the term).

The issue was most recently considered by an Ontario court in *Howard v Benson Group*, 2015 ONSC 2638 (CanLII).

The plaintiff was hired by Benson Group as Truck Shop Manager. The employee signed a contract dated August 31, 2012, that provided, in part, that he would be employed for a fixed term of 5 years commencing on September 4, 2012.

The contract provided as follows:

> Employment may be terminated at any time by the Employer [the defendant] and any amounts paid to the Employee [the plaintiff] shall be in accordance with the *Employment Standards Act* of Ontario. [sic]

The employer terminated the employment relationship on July 28, 2012. At that time, the employer informed him that he would be paid until August 11, 2014, (some 2 weeks) and relied upon the above termination provision.

The issue before the court was whether the termination provision was valid and enforceable. The employee argued that it was not on the basis that the provision was ambiguous and the ambiguity had to be decided against the employer.

The employer argued that if the employer terminated the employment before the end of the term it was required to pay the employee to the end of the term.

The employer argued that the termination provision clearly demonstrated an intention permitting the employer to terminate the relationship prior to the end of the term and, where it did so, it owed the employee if the termination provision was not enforceable, the amount of common law reasonable notice of termination. In other words, it was not required to pay the employee to the end of the term of the contract.

The Court found the termination clause to be unenforceable. The Court directed the issue of damages to be decided by mini-trial on the issue of reasonable notice and mitigation.

It appears, then, that the Court decided that reasonable notice, rather than payment for the unexpired term of the contract, was the proper way to calculate damages.

**Conclusion**

Employers must be careful when entering into fixed-term contracts of employment. The employer must closely monitor the “end” date of the contract to ensure that the employee is not allowed to work beyond that date. The employer should also ensure that an unambiguous mid-term termination provision is included in the contract in order to bring clarity to the agreed upon damages in the event the employer ends the relationship prior to the end date.

Although these arrangements come with risks, they are nonetheless important tools for such things as filling in for employee on ascertainable leaves of absence (for example, pregnancy and parental leaves) or in order to complete a particular project or assignment with a known end date.

*Michael P. Fitzgibbon*

**POLICE RECORDS CHECKS**

Police checks are an important part of the hiring process, particularly following the enactment of Bill 168 (*Occupational Health and Safety Amendment Act (Violence and Harassment in the Workplace) 2009*).

Many concerns have been expressed by privacy and human rights advocates regarding the police record check process and the information that can be disclosed through the process.

The disclosure of non-conviction information or “contact with the police” data has been noted as a serious concern. There have been calls for legislation to ensure that universal safeguards and protections are in place.

On June 3, 2015, The Honourable Yasir Naqvi, Minister of Community Safety and Correctional Services introduced Bill 113, the *Police Record Checks Reform Act, 2015* (see *Ontario Removing Barriers to Opportunity Through Changes to Police Record Checks, Police Record Checks In Ontario*).
If passed, the Bill, according to the Minister:

... would develop a clear, consistent and comprehensive legislative framework for police record checks for the first time in Ontario, setting province-wide standards for how police record checks are requested, conducted and disclosed in Ontario.

This bill will establish set types of police record checks, direct what records can and cannot be released, and clarify rules and practices for consent and disclosure.

If passed, the legislation will remove unnecessary barriers and increase opportunities for employment, volunteering, education and other community service while protecting both public safety and individual civil liberties.

Request for police records checks may only be made by authorized persons under the Bill and only in the manner prescribed by the Bill. A police record check provider must respond to the request in accordance with the Bill.

A police force may conduct three (3) types of police record checks:

1. criminal record checks;
2. criminal record and judicial matters checks; and
3. vulnerable sector checks.

The Schedule to the Bill is instructive and sets out the type of information that is authorized for disclosure for each type of police record check.

A police record check provider will not conduct a police record check in respect of an individual unless the request contains the individual’s written consent to the particular type of check.

In terms of disclosure of the results of the criminal record check, the Bill provides as follows:

12.(1) A police record check provider shall disclose the results of a police record check to the individual who is the subject of the request and shall not disclose the results to any other person, subject to subsection (2).

(2) If an individual provides written consent after receiving the results of a check about himself or herself under subsection (1), the police record check provider may provide a copy of the information to the person or organization who requested the check under subsection 7(2) or to another person or organization the individual specifies.

Subsection 7(2) provides:

(2) A person or organization may request in writing that a police record check provider conduct a police record check in respect of an individual or that the provider cause such a check to be conducted.

The process under the Bill is as follows:

1. The employer can, with consent, request that a police records check be conducted on, for example, an individual who has been made a conditional offer of employment.

2. The police will provide the results of the police record check to the individual.

3. With the individual's consent, the police record check provider may provide a copy of the information to the employer.

4. The employer will not use or disclose the information received from the police records check provider except for the purpose for which it was requested or as authorized by law.

The Bill also provides that, with the Minister's consent, a prosecution may be commenced. Any person or organization that wilfully contravenes certain provisions of the Act are guilty of an offence and is liable to a fine of not more than $5,000.

As you will know, there are issues that arise under the Human Rights Code when conducting, receiving and acting upon police records checks information. Ruth Goba, Interim Chief Commissioner, Ontario Human Rights Commission has indicated her support for Bill 113:

“We are delighted that the proposed legislation will address so many of our concerns. The Ontario Human Rights...
Commission has long advocated for a record check system that respects human rights, privacy and public safety. We are glad that individuals will be able to see their records and ask for reconsideration -- two very important steps forward.

See Support for Police Record Checks Reform Act for other comments about the legislation.

On June 4, 2015, the Legislature adjourned for the summer break and is scheduled to resume sitting on September 14, 2015.

Conclusion

The government has clearly heard the concerns expressed by privacy and other employee-rights advocates, among others, and have decided to intervene to impose statutory obligations on the manner in which police records checks can be conducted, the information that can be disclosed and to whom.

If passed, Bill 113 will change the way in which police records checks are conducted. One hopes that any legislated changes will not further delay the process (which is already a concern to many employers).

Michael P. Fitzgibbon

The Labour and Employment Law Newsletter is published by Watershed LLP. The articles and other items in the Labour and Employment Law Alert provide general information only, and readers should not rely on them for legal advice or opinion. Readers who need advice or assistance with a matter should contact a lawyer directly.

CONTACT US

Watershed LLP
Management Labour & Employment Lawyers
2650 Bristol Circle, Suite 200
Oakville, ON L6H 6Z7

Tel: 905-491-6888
Fax: 905-491-6887

Michael Fitzgibbon
mfitzgibbon@watershedlaw.com

Steve Mendelssohn
smendelssohn@watershedlaw.com

Janice Morris
jmorris@watershedlaw.com

Copyright 2015 © Watershed LLP. All Rights Reserved.