


# **WSIB Coverage Review: Comments & Recommendations**

**Residential Framing Contractors' Association  
Residential Construction Council of Central Ontario  
Residential Siding Contractors' Assoc.  
Independent Plumbing & Heating Contractors' Assoc.  
Interior Systems Contractors' Association of Ontario  
Residential Low Rise Forming Contractors' Assoc.  
Ontario Concrete & Drain Contractors' Assoc.  
Ontario Formwork Association**

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# Who We Are


- We are a group of trade associations engaged in the residential construction industry in the central Ontario region.
  - As a group our members employ approximately 17,500 workers and represent more than 350 employers.
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# Current Environment

- The discussion paper, *Coverage Under the Ontario Workplace Safety and Insurance Act* identifies some of the major issues that are contributing to the continual erosion of WSIB's premium base.
- Specifically, the residential sector's premium base has been eroded by:
  - Proliferation of the the renovation and repair market, which remains largely a part of the underground economy.
  - Under-reporting of payroll and
  - An overall lack of consistency and clarity with respect to who is and who is not covered under the Act.
- This coverage base erosion and resulting revenue loss only serves to penalize legitimate contractors by raising WSIB premium costs and making it increasingly difficult to compete.




# Why We Need Reform

- According to WSIB's Revenue Recovery Team (RRT), an estimated \$374 Million is lost every year because of fraud and the underground economy
  - In 2001, the RRT registered close to 700 construction companies who were previously unregistered, in dollars this amounted to \$3.3 Million
  - In total over \$7.9 Million was recovered in 2001 by the RRT
  - These results were achieved with a staff of 9, with only 2 individuals dedicated specifically to construction.
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## Why We Need Reform(cont'd)

- According to the Ontario Construction Secretariat approximately 98,000 construction workers are engaged in the underground economy
  - This includes workers for which premiums are underreported or lack coverage altogether
  - Preliminary research indicates that more than 20,000 construction employers who issued T4 slips were not registered with the WSIB.
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# Mandatory Coverage

- The WSIB is proposing a system of Comprehensive Coverage for all industries/activities in Ontario.
    - Regardless of whether universal coverage for all industries is adopted, WSIB coverage should be mandatory within the construction sector.
    - Mandatory Coverage within the construction sector will assist in solving some of the problems faced by our sector.
    - However, a mandatory coverage system will still require a fair and equitable test to determine what an individual's status is at the WSIB.
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# Named Insured System

- Under reporting can only be prevented by adopting a named insured system.
  - This system should be paired with a smart card technology to ensure compliance.
  - Allows for greater flexibility for classifying individuals according to the nature of their work.
  - A strong case exists to use the Construction sector as a pilot project to test the efficiency of a named insured system.
  - At a minimum, a clearance certificate should include a check-off that indicates the number of workers covered for that firm.
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# Information Linkage with Federal & Provincial Tax Authorities

- Information is the key to enforcement and is essential to monitoring compliance.
  - CCRA is the most effective “collection agency”
  - Utilize CCRA’s collection capabilities to prevent WSIB revenue erosion.
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# Linkage with Federal & Provincial Tax Authorities (cont'd)

- An effective means of premium payment:  
e.g. require employers to make an “At Source Contribution” for the purposes of WSIB when remitting CPP, EI, federal and provincial contributions.
  - Information share with CCRA all copies of Contract Reporting Payment Forms in excess of \$500 with WSIB to assist in determining an individual’s status.
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# Other Recommendations

- Aggressive experience rating system
  - Reduction and reclassification of rate groups to prevent “rate shopping”
  - Cross referencing/information sharing with other government agencies. e.g. comparing ONHWP list of registered builders with WSIB registered firms to ensure compliance.
  - Require that all building permit applications include confirmation of WSIB coverage.
  - Empower building inspectors to check for WSIB numbers.
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# Summary

- Mandatory Coverage within the construction sector
  - Adoption of a Named Insured System
  - CCRA Linkage with WSIB
  - Increased cross referencing with other government agencies
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# Benefits

- Generating new revenue for WSIB
  - Addressing the 'revenue leakage' problem within the system
  - Maintaining the integrity of the IO within the construction sector
  - Spreading risk
  - Reducing rates within the construction sector
  - Ensuring coverage for all workers
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