



Submission to the Operational Review of the WSIB

**Residential Construction Council of Ontario
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Dear Mr. Speer and Ms. Regner Dykeman,

The Residential Construction Council of Ontario (RESCON) represents over 200 builders of high, mid, and low-rise new build residential units in the province, with a focus on the GTHA. Our members build Ontario's communities, homes, and future.

RESCON is also a founding member of the Construction Employers Coalition (CEC), active at the WSIB's Construction Industry Advisory Committee and plays a leadership role on other MOL committees, panels, and working groups including those associated with the Infrastructure Health and Safety Association (IHSA).

Through our Health and Safety Committee and participating members, RESCON is active on all issues related to the WSIB and has composed this submission to offer unfettered support for the position submitted by the CEC as well as expand on three issues of particular concern to RESCON members.

Issue One: Timing of Rate Framework Review and Shadow Rates

A longstanding position of the CEC and RESCON has been the request for shadow rates in relation to rate framework review. Specifically, a request has been made to the WSIB that the proposed rates be shared for at least one calendar year before the implementation. This approach has many advantages including an increase in transparency, which was a main stated goal of rate framework review.

Providing the shadow rates will promote transparency and improve the education of Employers on the intricacies of the new system. This exercise would allow each employer to better understand how they will be transitioned to the new framework, allow Employers to self-identify classification and transition errors, and ensure the system will operate as planned. Without shadow rates for at least a year, the WSIB is leaving precious little time for Employers to become educated, identify transition errors, and ensure system bugs are properly addressed.

Therefore, RESCON and its members support the delay of rate framework review until shadow rates can be provided for a minimum of one calendar year.

Issue Two: Construction Administration Rate

Another core principle of Rate Framework Review is that the rate should reflect the risk. However, in the new system, based on predominate business classification, there is a great potential for a large number of employees to be misclassified when considering the risk associated with their actual occupation.

In construction, especially residential construction, complexities related to permits, contracts, municipal bylaws, sales, designs, architect, and planning mean that most employees employed by builders, do not perform on-site construction tasks. However, because their work supports the construction of residential units, they fall under the G classification. In one example a builder with 50 employees (only 5 to 10 employed in on-site construction activities) would pay a G rate for all employees (excluding rate group 755). While their assumed stellar experience rating should be reflected in their future rates, any



reduction would be minimal due to the size of their company (50) and their overall predictability. This is a very common example and illustrates the need for a Construction Administration Rate (CAR).

In short, a CAR would allow non-site staff engaged in administrative roles (sales, architecture, construction management, contracts, design, accounting) to pay an office or administrative rate that better reflects their true risk.

Issue Three: Funding Ratio

First, the WSIB should be commended for its ability to retire the Unfunded Liability (UFL) and build a healthy sufficiency ratio (estimated at 110%). However, there is a need to update the long-term funding plan as outlined by the CEC. As a summary of that position, RESCON would like to reiterate the following core features:

1. The plan must be long-term focused. In order to do this, a target range should be adopted in which rates are increased above inflation at the bottom end and rates are decreased or frozen at the top end. For example, a target of 95% to 110% would allow for the following principles:

- a) between 95% and 105% rates increase with inflation
- b) above 105% to 110% WSIB considers a freeze or increases below the rate of inflation
- c) above 110% rates are reduced
- d) below 95% rates are increased

A system as outlined above would allow the WSIB to ensure the long-term financial health of the WSIB, create and maintain predictable rates for Employers, and ensure the rate is reflected in the risk.

Thank you for the opportunity to provide commentary and we look forward to continuing our work at the WSIB's Construction Industry Advisory Committee. If you have any questions or require any additional information please do not hesitate to contact Andrew Pariser at pariser@rescon.com or (905)-760-7777.

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