

## THE UNDERGROUND ECONOMY IN CONSTRUCTION

The underground economy is hurting the construction sector in Ontario. It affects our economy, quality of construction, competitiveness of legitimate players in construction and the health and safety of all who work in this vital sector.

The underground economy in Ontario's construction sector is estimated to cost between \$1 and \$2 billion per year in lost revenue to all levels of government, with a significant amount of that lost to the Ontario government through unpaid taxes, premiums and other fees that legitimate businesses pay as part of their contribution to our society. This is money lost that could be better used for health care, education and other measures to help all Ontarians.

Ensuring construction trades people are properly trained also helps protect the public and reduce workplace injuries. Ontario is committed to reducing workplace injuries by 20 per cent by 2008.

### **The Trades Qualification and Apprenticeship Act (TQAA)**

The TQAA sets out certification requirements for certain trades and apprenticeship training requirements, including hazard recognition and health and safety training. Ministry of Labour health and safety inspectors enforce the act's certification requirements for the following trades: electricians, hoisting engineers, plumbers, refrigeration and air conditioning mechanics, sheet metal workers and steamfitters.

Upon request, employers and these trades workers are required to provide written proof of TQAA trades qualifications, such as a certificate of qualification or apprenticeship contract, to ministry inspectors.

Until now, Ministry inspectors have been generally issuing orders to comply if written proof could not be provided immediately. With amendments to Regulation 950 under the Provincial Offences Act (POA), Ministry of Labour inspectors will now be able to issue tickets to employers, supervisors and workers in specified trades if written proof of TQAA trades qualifications is not provided.

An employer, supervisor or worker, issued a ticket, can pay it in person or by mail, which is considered a guilty plea, or appear in court to contest the ticket.

### **Combating the Underground Economy**

On-the-spot tickets build on the McGuinty government's initiatives to combat the underground economy in Ontario's construction industry, including:

- Expanding the number of Ministry of Labour inspectors by hiring and training 200 new people to visit more workplaces to improve health and safety performance and help to identify workers or employers involved in the underground economy
- Signing formal agreements with the Workplace Safety and Insurance Board (WSIB), the Electrical Safety Authority and the ministries of Finance and Training, Colleges and Universities to work together to identify underground economy activity and recover lost revenue to all parties
- Collecting data, including WSIB registrations and tax information for these organizations to follow up on
- Educating consumers about the dangers they may face when using underground, unqualified contractors and workers.

-30-

Contact:  
Belinda Sutton  
Ministry of Labour  
416-326-7405

*Disponible en français*

[www.labour.gov.on.ca](http://www.labour.gov.on.ca)

**Note:** The Chief Justice of the Ontario Court of Justice has now made an order to establish set fines for the tickets. Effective April 2, 2006, tickets can be issued to unauthorized workers performing work in a compulsory trade with fines of \$195, and to their supervisors and employers with fines of \$295. There is an additional \$5 for court costs and a 25 per cent Victim Fine Surcharge added to each ticket.