

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 affects everyone. Legitimate businesses and workers face unfair competition from competitors who don't pay their fair share in taxes, premiums and other fees, and may be cutting other corners as well. This has a major impact on the stability of the construction industry, one of the key drivers of Ontario's economy.

Ensuring construction trades people are operating above board and have workplace safety and insurance coverage would help reduce workplace injuries. Ontario is committed to reducing workplace injuries by 20 per cent by 2008.

Mandatory WSIB Coverage in Construction

Currently, only workers of construction companies must have premiums paid to the Workplace Safety and Insurance Board (WSIB) by their employers on their behalf. Independent operators, sole proprietors, partners and executive officers working in construction may choose if they want coverage. This represents a significant portion of the overall workforce in construction.

It is impossible to determine how many of those currently not covered by the WSIB are part of the underground economy. Workers and businesses who are part of the underground economy often undercut legitimate businesses, creating instability in the industry, potentially undermining quality, and putting workers at unnecessary risk of injury.

The Government of Ontario is considering a proposal to make coverage mandatory for most people who work in construction. Consultations are now being held to determine if this is an appropriate course of action and, if so, how best to implement it.

Combating the Underground Economy

Mandatory coverage would 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, the Electrical Safety Authority and the ministries of Finance and Training, Colleges and Universities to work together to identify underground economy activity
- 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
- Broadening enforcement activities by allowing Ministry of Labour inspectors to issue on-the-spot tickets to certain trades workers who do not meet certification requirements under the Trades Qualification and Apprenticeship Act.

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