



Experience rating programs achieve “spectacular” results

David Surplis—Acting President, COCA

Ever since the creation of a workers' compensation system in Ontario (now with the name Workplace Safety & Insurance Board, WSIB), there has been tension between employees' interest in creating the highest possible benefits and the employers' interest in paying the lowest possible premiums.

This tension boiled over in 2008 because of WSIB's program of premium rebates and surcharges based on a company's experience with accidents in the immediately prior year or years. According to employers, experience rating (called CAD7 for construction) has produced a huge reduction in lost time incidents and has thereby and reduced premiums.

According to organized labour, experience rating has produced massive fraud and harm to workers. The Ontario Federation of Labour (OFL) and the NDP at Queen's Park have called for the elimination of experience rating and WSIB has commissioned a study to determine who is correct.

The implementation of experience rating programs at WSIB was based on the notion of reward for excellence: If your company could work accident-free for a year, then you deserved to have a significant rebate of the premiums you paid to begin the year. The rebates were clearly an incentive to perform well. Experience rating programs were the carrot relative to the stick of prosecution for bad behaviour. And the carrot prevailed. Companies soon realized that health and safety could pay dividends and they adopted safer techniques, hired safety consultants and generally became much more safety conscious.

The results of experience rating programs like CAD 7 have been spectacular. Lost time incidents (LTIs) in construction have plummeted in the last twenty years and Ontario has become one of the world's safest jurisdictions for working in construction. According to the latest statistics from Construction Safety Association of

Ontario (CSAO), lost time injuries have dropped from 10.92 per 200,000 hours worked in 1985 to 2.15 per 200,000 hours worked in 2006. This is a spectacular result and while it cannot be ascribed to experience rating per se, it is more than a coincidence that experience rating began in 1986.

Experience rating is under furious attack. OFL and NDP leaders claim that the system leads to the “hiding” of injuries simply to facilitate the collection of a rebate. They also claim that experience rating induces companies to force workers to return to work before their recuperation is complete. They also decry the fact that a company can receive a rebate of premiums in the year it has a serious accident or death, although rebates are based entirely on previous years' experience. The chair of WSIB reacted to the OFL claims in a purely political fashion, saying that he would ensure that any company “responsible” for a fatality would not be eligible for any rebate. The “rebate debate” rapidly got out of control but was petering out almost as rapidly when the NDP put forward a motion at Queen's Park to kill experience rating at WSIB.

Experience rating programs such as CAD7 have benefited Ontario workers, their employers, the Ontario economy and the general public for many years. There are certainly places where improvements can be made in those programs and those will surely come to light with a thorough and professional assessment. Proverbially, now is not the time to throw the baby out with the bathwater. Based on construction's great achievements under experience rating, the whole system deserves a fair examination followed by structural and procedural improvements. COCA will be participating fully in WSIB's study and will be contributing our own arguments via an independent study being commissioned by Ontario Business Coalition, a huge group of employer associations supported by COCA and chaired by myself.

- Acoustical Association of Ontario
- Architectural Glass & Metal Contractors of Ontario
- Association of Millwrighting Contractors of Ontario
- Barrie Construction Association
- Canadian Farm Builders Associations—Ontario Division
- Canadian Fence Industry Association
- Concrete Floor Contractors Association
- Construction Association of Thunder Bay
- Electrical Contractors Association of Ontario
- Grand Valley Construction Association
- Hamilton-Halton Construction Association
- Heavy Construction Association of Toronto
- Interior Systems Contractors Association of Ontario
- Kingston Construction Association
- London & District Construction Association
- Mechanical Contractors Association of Ontario
- Ontario Demolition Contractors Association
- Ontario Electrical League
- Ontario General Contractors Association
- Ontario Industrial Roofing Contractors Association
- Ontario Painting Contractors Association
- Ontario Refrigeration & Air Conditioning Contractors
- Ontario Sewer & Watermain Construction Association
- Ottawa Construction Association
- Pipe Line Contractors Association of Canada
- Reinforcing Steel Institute of Ontario
- Resilient Flooring Contractors Association of Ontario
- Sarnia Construction Association
- Sault Ste. Marie Construction Association
- Sealant & Waterproofing Contractors Association
- Scaffold Industry Association of Ontario
- Sudbury Construction Association
- Terrazzo, Tile & Marble Guild of Ontario
- Toronto & Area Road Builders Association
- Toronto Construction Association
- Utility Contractors Association of Ontario
- Windsor Construction Association

SAVE THE DATE!

COCA's Annual General Meeting will take place on Thursday, February 26 2009 at the Hilton Toronto Airport.

ICI Construction Driving Provincial Economy

While Ontario's economy appears to be skirting a recession, having contracted 0.3% from January to March at the cost of thousands of manufacturing sector jobs, the ICI construction sector is flexing its muscle. The total value of building permits increased for the second consecutive month in May. The residential sector is continuing its significant downward trend which began in late summer, 2007.

Nationally, the month of May saw contractors take out permits valued at \$6.6 billion, 1.1% more than April. This reflects the highest monthly value for ICI permits since October, 2007. According to Statistics Canada, Ontario's 3.1% permit growth represents the single largest dollar value increase at \$2.5 billion or 26.4% of all permits, driven by the value of construction intentions for non-residential buildings. This is the non-residential sectors fourth highest value since January, 1989.

As recessions are defined as two consecutive quarters of economic contraction, Ontarians will not know until figures are released in October whether they will have been able to stave off the psychological harbinger of a weakening economy. However, no matter the outcome, the immediate reality remains that ICI construction will be a prime contributor to provincial prosperity for the foreseeable future.

Director of Government Relations leaves Canadian Construction Association

Jeff Morrison, Director of Government Relations and Public Affairs has accepted the position of president and chief operating officer with the Association of Canadian Engineering Companies (formerly the Association of Consulting Engineers of Canada).

In an email to CCA Board Members and COOs Morrison stated that it was the spirit of professional growth instilled in him at CCA that led him to realize he was ready to take on the position of president with a national association.

COCA wishes Mr. Morrison the best of luck in his new position.

New Ministry, New Minister

In June, Premier Dalton McGuinty made a small but important cabinet shuffle. After a number of years as "construction's" Minister of Public Infrastructure Renewal, Hon. David Caplan has been charged with the biggest portfolio in government – Health and Long Term Care. The former Minister of Health, Hon. George Smitherman, will now oversee a huge new department – the Ministry of Energy and Infrastructure – which is a combination of the two former ministries.

COCA had a long and productive association with Minister Caplan and we appreciated his strong interest in the construction industry. He was instrumental in setting up the Construction Advisory Council and took all the industry's major concerns directly to Cabinet.

COCA hopes to have an equally strong association with Minister Smitherman for he has a strong reputation for "getting things done". David Zurawel is contacting the Minister so that COCA officials can meet with him and his staff as soon as practicable after his major briefings.