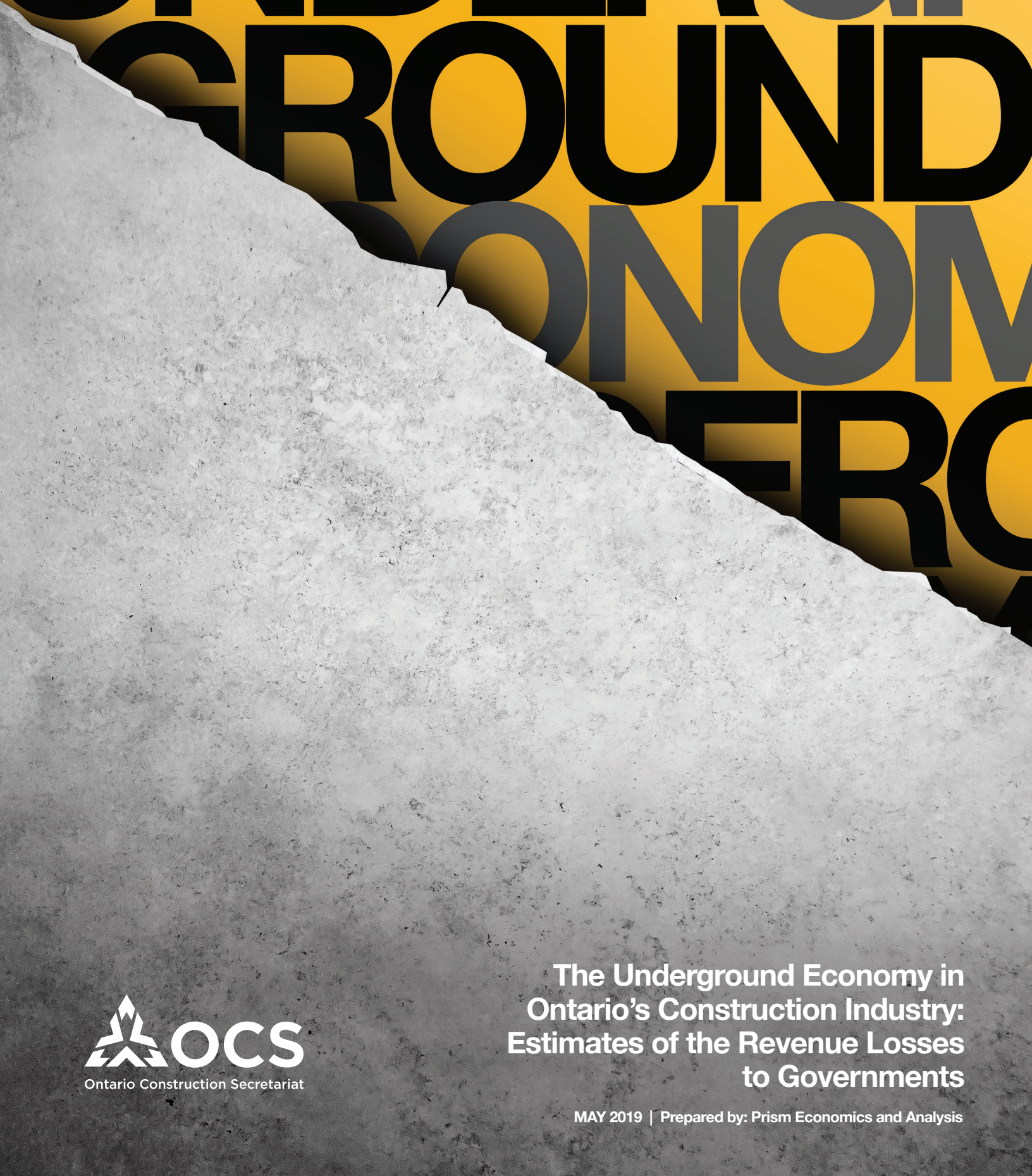


UNDERGROUND  
CONSTRUCTION  
ECONOMY  
ESTIMATES



The Underground Economy in  
Ontario's Construction Industry:  
Estimates of the Revenue Losses  
to Governments

MAY 2019 | Prepared by: Prism Economics and Analysis



# The Underground Economy in Ontario's Construction Industry: Estimates of the Revenue Losses to Governments

MAY 2019 | Prepared by: Prism Economics and Analysis

## Report Outline

<b>Executive Summary</b>	<b>4</b>
<b>Introduction</b>	<b>5</b>
<b>Part I:</b> Defining the Underground Economy in the Construction Industry	<b>6</b>
<b>Part II:</b> Bill 119 – Mandatory WSIB Coverage	<b>8</b>
<b>Part III:</b> Indicators of Changes in the Size of the Underground Economy	<b>10</b>
<b>Part IV:</b> Estimates of Revenue Losses	<b>18</b>
<b>Part V:</b> Options to Curtail the Underground Economy in the Construction Industry	<b>24</b>
<b>Conclusion</b>	<b>31</b>
<b>Technical Appendix</b>	<b>32</b>

# Executive Summary

The underground economy in Ontario's construction industry resulted in revenue losses to governments and government agencies of \$1.8-\$3.1 billion annually during the 2013-2017 period. This was an increase of approximately 30% over the estimated revenue losses for the 2007-2009 period. The illegal practices fueling underground activity are both unfair and economically damaging. The specific estimates are as follows:

**Summary of Estimated Revenue Losses to Governments and Government Agencies from Underground Economy Practices in Construction Ontario, 2013-2017 Average (millions)**

	Low	High
WSIB Premiums	\$308	\$340
Income Tax	\$573	\$1,148
HST – Federal	\$192	\$320
HST – Provincial	\$307	\$512
CPP	\$341	\$656
EI	\$62	\$119
EHT	\$12	\$18
<b>Total</b>	<b>\$1,795</b>	<b>\$3,113</b>

Other indicators, such as the ratio of cash to total household expenditures, the proportion of self-employed persons working in construction and spending on residential renovations are consistent with this conclusion that the size of the underground economy in the construction industry has increased.

The introduction of the HST in Ontario appears to have led to a spike in underground activity in construction, just as did the original introduction of the GST.

**The principal driver in the growth of the underground economy is the improper and illegal styling of workers as independent operators when they should be deemed to be employees.**

Bill 119 made WSIB coverage compulsory for independent operators in the construction industry. Mandatory coverage was implemented in 2013. However, a comparison of the number of independent operators, based on the Labour Force Survey, with the number of registrants with the WSIB suggests that only around 20% of independent operators are registered with the WSIB. Bill 119 may have slowed the growth of the underground economy in the construction industry, but the legislation did not arrest or reverse the trend. Additional steps are needed to close the independent operator loophole and ensure that contractors that comply with the WSIB and tax obligations are not unfairly disadvantaged.

Curtailing the underground economy in Ontario's construction industry will require more concerted enforcement of existing statutory obligations and consideration of new enforcement strategies including the payment of WSIB premiums by engagers and the implementation of a deduction-at-source model similar to the U.K.'s Construction Industry Scheme.

# Introduction

The purpose of this report is to estimate the size of the underground economy in Ontario's construction industry. This report updates findings presented in earlier studies published by the OCS:

- **The Underground Economy in Ontario's Construction Industry (1998),**
- **Estimates of Revenue Losses to Governments as a Result of Underground Practices in the Ontario Construction Industry: 1995-1997 compared to 1998-2000 (2001),**
- **Attacking the Underground Economy in the ICI Sector of Ontario's Construction Industry (2004),**
- **Impact of Fair Wage Policies on the Construction Industry (2006),**
- **Estimates of Revenue Losses to Governments as a Result of Underground Practices in the Ontario Construction Industry: 2003-2005 Estimates compared to Earlier Estimates (2007), and**
- **Estimates of the Size of the Underground Economy in Ontario's Construction Industry (2010)**

The most recent study estimated that, in the period 2007-2009, total losses to governments and government agencies from underground activity in the Ontario construction industry ranged from \$1.4 to \$2.4 billion. The estimates in this report are presented as averages for the 2013-2017 period. The first part of this report reviews different definitions of the underground economy in construction. It provides an explanation of why this report focuses chiefly on the definition that incorporates the financial losses to governments and public agencies arising from the purposeful misclassification of workers as independent operators.

The second part of the report reviews the provisions of Bill 119 which sought to curtail the improper use of independent operators by making WSIB coverage mandatory.

Part three of the report reviews indicators of the size of the underground economy.

Part four updates the estimates of the financial losses to governments and the WSIB from underground activity in the construction industry.

Part five discusses potential options for curtailing underground activity and, in particular for reining in the practice of illegally styling workers as independent operators when they should be deemed to be employees.

# Part I: Defining the Underground Economy in the Construction Industry

There are several working definitions of the underground economy. Each provides a different perspective on underground practices informed by the questions it is used to answer.

The narrowest definition of the underground economy is that used by Statistics Canada. In essence, Statistics Canada equates the underground economy with economic activity that is not observed and therefore not measured when estimating gross domestic product. A recent report by Statistics Canada lists three components of unmeasured economic activity:<sup>1</sup>

1. **The hidden sector**, or productive activities that are legal but are deliberately concealed from public authorities. This includes skimming, undocumented construction-related activities, hidden rent, undeclared tips and export-related underground activities.
2. **The illegal sector**, or production of goods and services whose production, sale distribution or mere possession is illegal, as well as productive activities which are typically legal but become illegal when carried out by unauthorized or unlicensed producers.
3. **The informal sector**, or productive activities that are associated with establishments that are not registered with fiscal or social security authorities, including unincorporated businesses operating legally as unregistered establishments of the self-employed with and without informal employees.

The Statistics Canada definition is too narrow to provide a useful basis for analyzing the underground economy in the construction industry. The reason for this is that only a small fraction of what would generally be considered underground activity in the construction industry is actually unmeasured. This consists mostly of small-scale repairs in the residential sector.

For many persons, the underground economy in the construction industry refers to the earnings and expenditures that are undeclared and thus are not taxed. This somewhat broader definition of the underground economy comprises mainly cash transactions whose purpose is to evade sales and income taxes. This identification of the underground economy in construction with the cash economy is still too narrow. Cash transactions account for a relatively small proportion of total expenditure in the construction industry, likely no more than 15%, and are mostly limited to small-scale residential renovations and repair work. While cash transactions are an important enabler in the underground economy, they do not capture the full scope of underground practices.

---

<sup>1</sup> Statistics Canada, National Economic Accounts Division, "The Underground Economy in Canada, 1992 to 2011"

In the construction industry, the most important aspect of the underground economy is employers improperly styling their workers as “independent operators”, or subcontractors, rather than as employees. Doing so, allows contractors to avoid making contributions to the Canada Pension Plan (CPP) and Employment Insurance (EI). By styling their workers as “independent operators” these contractors also avoid their Employment Standards Act obligations for vacation, holiday and overtime pay. Prior to 2013, independent operators were exempted from mandatory WSIB coverage. As a result, contractors that staffed their jobs with independent operators were also able to avoid the WSIB premiums that would have been required if those same workers had been hired as regular employees. Contractors do not issue earnings statements (i.e., T-4 slips) to independent operators. It is up to the independent operator to declare his or her earnings. This results in widespread under-reporting of earnings. For these reasons, this report defines the underground economy in construction primarily as revenue losses resulting from the improper styling of workers as independent operators. The report does not claim or assume that all independent operators are improperly classified. There are many workers in the construction industry who are legitimately classified as independent operators. However, the practice of improperly styling workers who should be deemed employees as independent operators is widespread.

## Part II: Bill 119 – Mandatory WSIB Coverage

The most notable recent development with respect to curtailing the underground economy in construction was the adoption of Bill 119. This amendment to the Workplace Safety and Insurance Act (WSIA) made formerly optional WSIB insurance coverage mandatory for the following categories of persons in the construction industry:

- **'Independent Operators'**, or individuals who
  - do not employ any workers;
  - report themselves as self-employed for the purposes of an Act or regulation in Ontario or Canada (i.e. to the Canada Revenue Agency); and
  - are hired as a contractor or subcontractor by more than one person during an 18-month period OR are executive officers of a corporation that does not employ any workers other than themselves and are retained as a contractor or subcontractor by more than one person during an 18-month period.
- **Sole Proprietorships**
- **Partners in partnerships;** and
- **Executive Officers** of a corporation.

Pursuant to Bill 119, persons in the construction industry belonging to one of these groups are required to take out WSIB coverage and pay premiums unless they fall into either of the following exemptions:

- **Home Renovation Exemption:**

Home renovators who work exclusively on home renovation are exempt, if:

  - They do not employ any workers;
  - They work directly for the homeowner; and
  - They are paid directly by the homeowner.

This exemption applies only to individuals. However, if the individual hires workers, the individual is considered an employer under the WSIA and thus must register with the WSIB to ensure the workers are covered.



- **Exemption of a Partner or Executive Officer:**

A corporation or partnership without workers but with multiple executive officers or partners is entitled to select one executive officer or partner to apply for an exemption. In order to qualify, the individual selected for the exemption must not perform any actual construction work. Construction work is defined to include any manual work of a skilled or unskilled nature, the operation of equipment or machinery or the direct on-site supervision of workers.

These amendments provide the basis for significantly reining in underground practices in the construction industry. While Bill 119 received royal assent in 2008, it did not take effect until January 1st, 2013. As a result, this is the first version of this series of reports to investigate the impact of Bill 119 on the size and scope of the underground economy in construction.

## Part III: Indicators of Changes in the Size of the Underground Economy

It is inherently difficult to estimate the size of the underground economy as its activities are by definition undeclared and unrecorded. This report makes a series of assumptions in order to arrive at estimates of revenue losses. Assumptions are stated within the body of the report where applicable and are expanded upon in a technical appendix following the report's conclusion. In some cases, these assumptions differ from those made in earlier studies, meaning comparisons to previous estimates should be treated with caution.

This report largely follows the structure and methodology used in previous studies of the underground economy in construction with some key differences. The analysis makes use of estimates of construction employment and investment developed by BuildForce Canada as part of their construction workforce forecasts. BuildForce Canada's estimates place a greater emphasis on trades workers; the occupations where underground practices are typically concentrated. This report also uses more recent data from various Statistics Canada surveys than were available in previous studies.

### ***Indicators of Changes in the Size of the Underground Economy***

Three main indicators reflect the occurrence and frequency of underground activity:

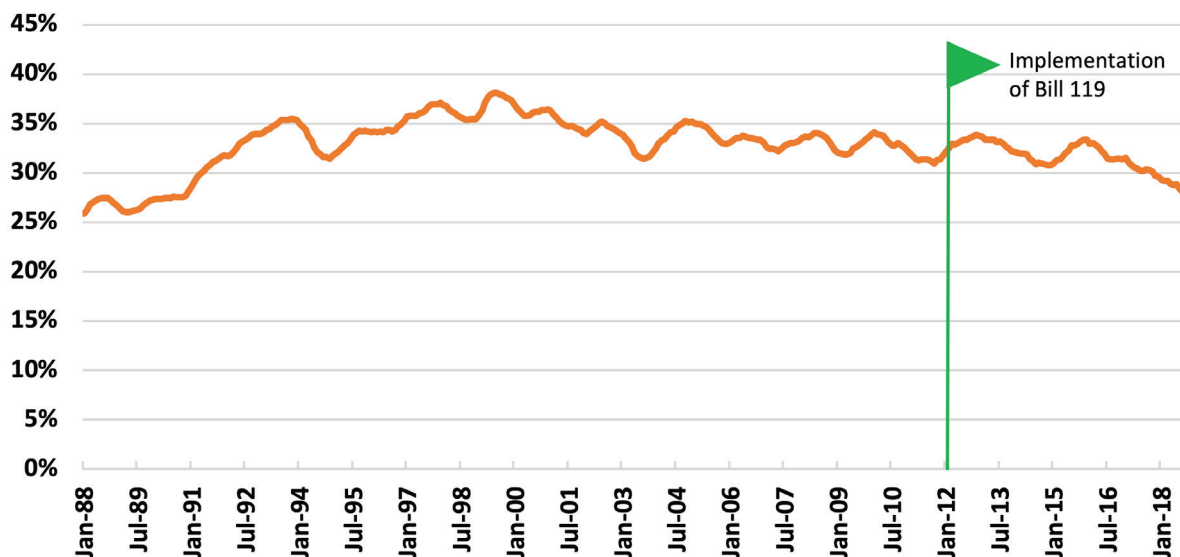
- The 'independent operator' share of the construction labour force,
- The ratio of cash outside financial institutions to household spending, and
- Expenditures on residential renovations and repair.

### *Independent Operators in Ontario's Construction Industry*

Figure No. 1 shows the trend in the share of self-employed persons employed in Ontario's construction industry between 1987 and 2017. This share is correlated with underground economy practices because independent operators are defined as self-employed persons with no paid help.

**Figure No. 1**

Share of Self-Employed Persons in Construction Workforce  
Ontario, 1988-2018 (12 Month Moving Averages)



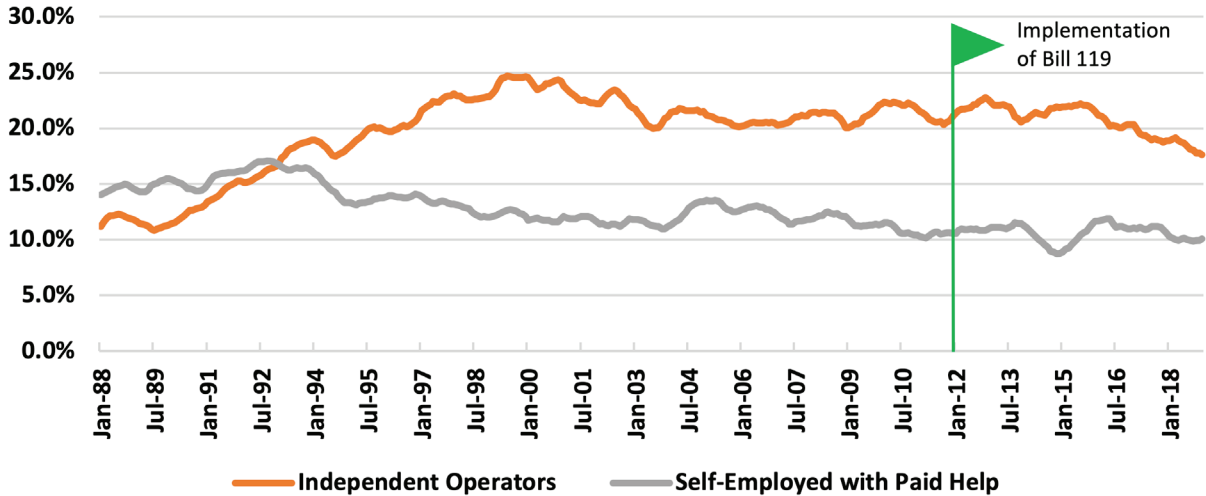
Source: Statistics Canada, Table 14-10-0026-01

The share of self-employed workers in the construction industry rose from 25% in 1987 to a peak of 37% by 1999. This increase was driven partly by the introduction of GST in 1991. The share of self-employed workers has declined since 2000, falling from 36% in that year to less than 30% as of 2017.

A further breakdown of the category of self-employed workers reveals diverging trends over the 1987-2017 period. Figure No. 2 shows the trend in the share of independent operators and self-employed persons with paid help among total construction employment (including non-trades workers) in Ontario. When compared with Figure No. 1 it is clear that growth in the self-employed share of construction's workforce was a result of an increase in the number of independent operators. To wit, while the share of self-employed persons as a whole grew between 1987 and 2017, the share of self-employed persons with paid help actually decreased from 14% to 10%.

**Figure No. 2**

Shares of Self-Employed Persons with Paid Help and Independent Operators in Construction Workforce, Ontario, 1988-2018 (12 Month Moving Averages)



Source: Statistics Canada, Table 14-10-0026-01

The share of independent operators in the construction industry grew rapidly following the introduction of GST in 1991. Generally, there appears to be an inverse relationship between the independent operator share and employment conditions in the construction industry. Weak employment conditions in the 1990s saw a significant increase in the independent operator share, as did the recession of 2009. Conversely, the independent operator share declined as employment conditions improved during the early 2000s.

The impact of Bill 119 on the share of independent operators in the construction industry is material, but modest. Independent operators accounted for 23% of total construction employment (including non-trades workers) in 2012. By 2013 (when Bill 119's mandatory coverage provisions were implemented), their share had fallen to 21%. This then rebounded to 22% in the following year. It should be noted that the construction employment estimates used in this figure include both on-site and off-site occupations, such as administrative and managerial positions.

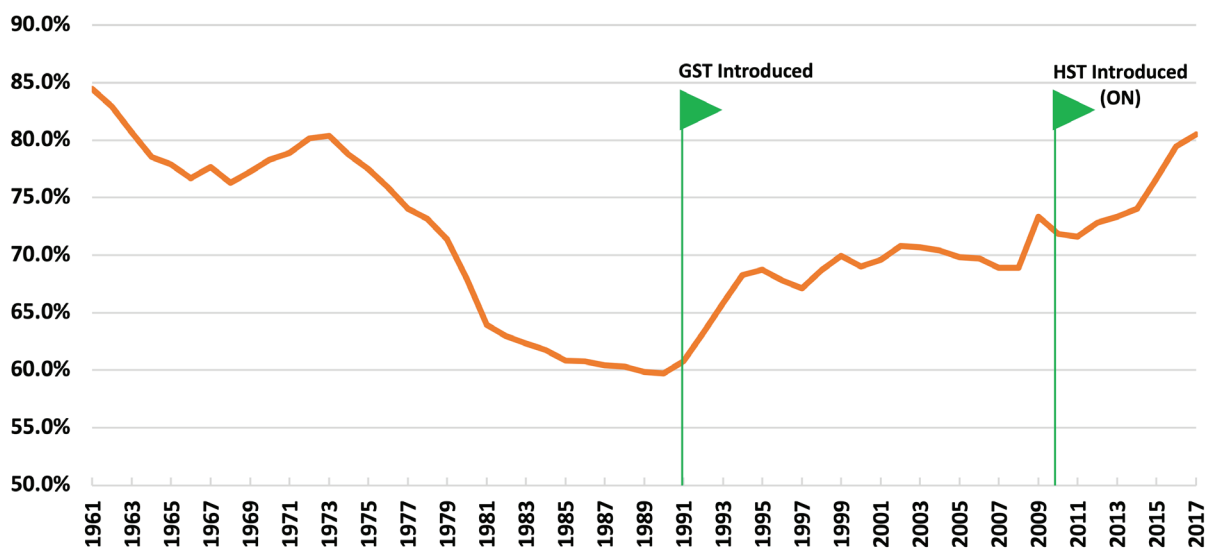
### *Cash Transactions by Households*

Cash transactions by households are another useful indicator of underground activity. Paying with cash allows homeowners to avoid being charged a sales tax and potentially receive a lower price, since they know the payment recipient can choose not to fully declare their payment as income. In contrast, businesses have little incentive to prefer cash transactions since they are able to deduct GST paid against GST received and require receipts to support the deduction of expenses against income.

Figure No. 3a compares the amount of currency outside financial institutions with household final consumption expenditure. An increase in this ratio means households are using cash more frequently to pay for their spending. A decrease suggests households are instead more frequently using non-cash forms of payment, such as credit cards, cheques or electronic transfers.

### Figure No. 3a

Ratio of Currency Outside Banks (Monthly Average)  
to Household Final Consumption Expenditure (Monthly)  
Canada, 1961-2017



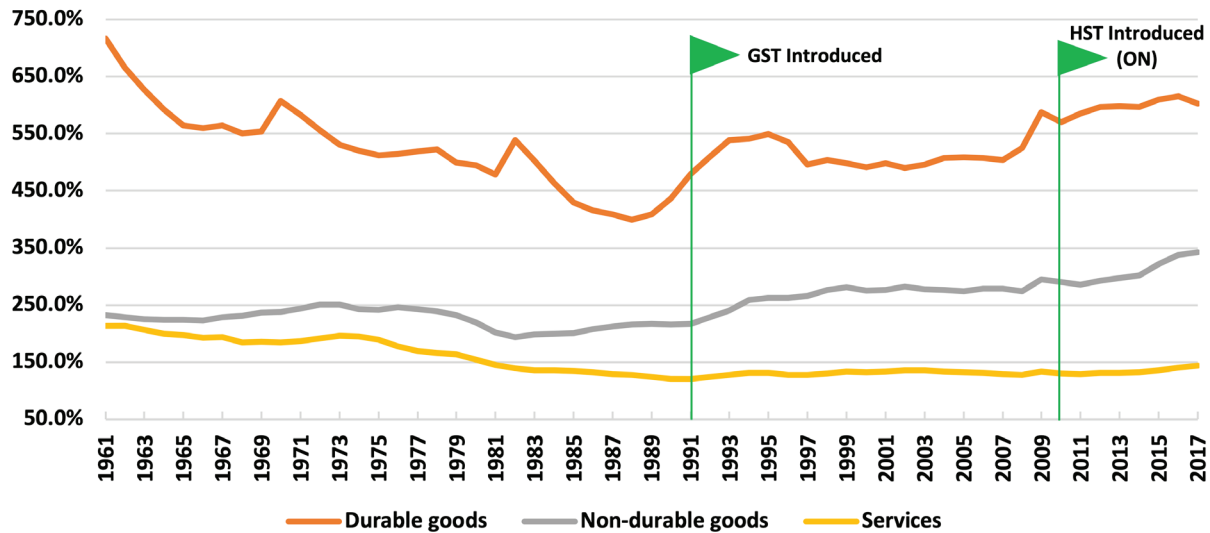
Source: Statistics Canada, Tables 10-10-0116-01 & 36-10-0104-01

As expected, the rate of cash usage by households steadily declined between 1961 and 1990 as non-cash forms of payment became commonplace. However, this trend reversed course beginning in 1991, coinciding with the introduction of GST. There was a rapid increase in the rate of cash usage by households over the subsequent decade as households used cash to avoid being charged GST. Notably, when the rate of cash usage plateaued in the 2000s it did so at a level that was higher than was seen in the most recent pre-GST period. This illustrates how underground economy practices can become embedded even after the initial effects of a shock have passed. A similar pattern has been exhibited in recent years following the introduction of HST in Ontario on July 1, 2010.

Figure No. 3b separates household final consumption expenditure into spending on durable goods, non-durable goods, and services.

### Figure No. 3b

Ratio of Currency Outside Banks (Monthly Average)  
to Household Final Consumption Expenditure (Monthly) by Spending Type  
Canada, 1961-2017



Source: Statistics Canada, Tables 10-10-0116-01 & 36-10-0104-01

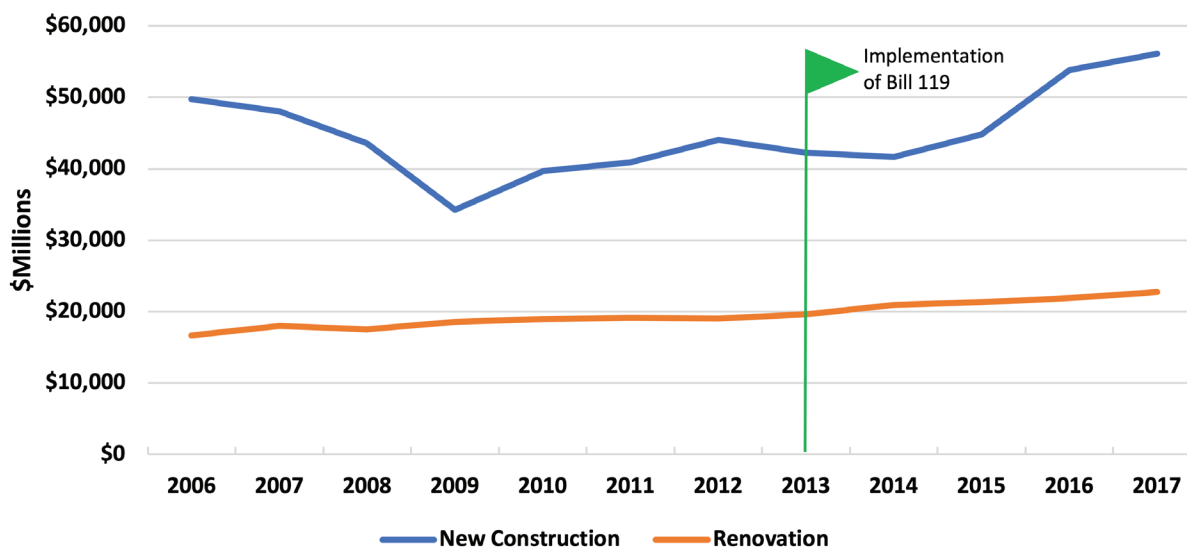
The trend observed in Figure No. 3a is most apparent in household spending on durable goods, including housing. Household spending on non-durable goods reflects the same trend on a smaller scale, while spending on services appears to have been relatively unaffected by the introductions of GST and HST. Overall, cash transactions play an important role in underground activity for households but are not a main driver of the underground economy in the non-residential construction sector.

#### *Household Spending on Renovations and Repair*

The final indicator of underground activity is household spending on residential renovations and repair. Figure No. 4 compares provincial spending on new construction and renovations during the 2006-2017 period. Provincial spending data for residential repair expenditures were not available.

**Figure No. 4**

Investment in New Residential Construction and in Residential Renovation  
Ontario, 2006-2017



Source: BuildForce Canada

Residential renovation expenditures rose by 37% between 2006 and 2017 and experienced consistent annual growth, even during the 2009 recession. The increase in household spending on renovations corresponds with a likely increase in underground construction work, as some portion of homeowners elect to make unrecorded cash transactions.

The preceding sections discussed three key indicators of underground activity:

- The 'independent operator' share of the construction labour force
- The ratio of cash outside financial institutions to household spending
- Expenditures on residential renovations and repair

The enforcement of Bill 119, beginning in 2013, appears to have had a positive impact on the independent operator issue but its effect was modest. Overall, the indicators outlined here suggest continued growth of the underground economy in Ontario's construction industry.

### ***Estimates of Employment of Independent Operators by Sector***

Estimates of construction employment by sector were provided by BuildForce Canada. These estimates exclude non-trades workers, following the methodology established in the most recent version of this report.

Figure No. 5 provides average employment estimates for Ontario's construction industry during the 2013-2017 period as well as the distribution of the industry's workforce by sector.

### Figure No. 5

Estimated Trades Employment in Construction  
Ontario, 2013-2017 Average

	Employed	Percent of Total
<b>Residential</b>	<b>235,900</b>	<b>60%</b>
New Construction	112,600	29%
<i>Low-Rise</i>	88,700	23%
<i>High-Rise</i>	23,900	6%
Renovation	123,300	32%
<b>Non-Residential</b>	<b>131,600</b>	<b>34%</b>
ICI	72,500	19%
<i>Industrial</i>	13,800	4%
<i>Commercial &amp; Institutional</i>	58,700	15%
Civil	59,100	15%
<b>Maintenance</b>	<b>23,400</b>	<b>6%</b>
<b>Total</b>	<b>390,900</b>	<b>100%</b>

Source: BuildForce Canada

Overall, Ontario's construction industry employed an average of approximately 390,000 trades workers between 2013 and 2017. 60% of these workers were employed in the residential sector, with a relatively even split between new construction and renovation work. 34% of workers were employed in the non-residential sector, predominantly in commercial and institutional or civil engineering construction. The remaining 6% of workers were employed in maintenance positions.

Figure No. 6 expands on the employment data by including estimates of the share of each sector's workforce that can be classified as independent operators. The share of independent operators among the construction workforce was based on estimates from the Labour Force Survey, which indicates that there was an average of 99,940 independent operators in the construction sector between 2013 and 2017. This is equivalent to 26% of total construction trades employment. The share of independent operators in the construction industry remains virtually unchanged as compared to the 2007-2009 period analyzed in the previous version of this report; the independent operator share was found to be 25% of total construction trades employment in that study. The sector-level shares of independent operators were based in part on data from the 2016 Census.



**Figure No. 6**

Estimated Distribution of 'Independent Operators' in Skilled Trades in Construction  
Ontario, 2013-2017 Average

	Employed	Independent Operators Percent of Sector	Independent Operators Estimated Number
<b>Residential</b>	<b>235,900</b>	<b>39%</b>	<b>92,010</b>
New Construction	112,600	26%	29,270
<i>Low-Rise</i>	88,700	30%	26,600
<i>High-Rise</i>	23,900	11%	2,670
Renovation	123,300	51%	62,790
<b>Non-Residential</b>	<b>131,600</b>	<b>4%</b>	<b>5,260</b>
ICI	72,500	6%	4,060
<i>Industrial</i>	13,800	1%	150
<i>Commercial &amp; Institutional</i>	58,700	7%	3,910
Civil	59,100	2%	1,200
<b>Maintenance</b>	<b>23,400</b>	<b>11%</b>	<b>2,660</b>
<b>Total</b>	<b>390,900</b>	<b>26%</b>	<b>99,940</b>

Source: BuildForce Canada; Statistics Canada, Labour Force Survey & 2016 Census

The practice of classifying workers as independent operators is more common among on-site workers, such as skilled trades workers. Trades with high rates of self-employed workers, such as floor covering installers (54% self-employed), tilers (52%), painters and decorators (47%) and carpenters (32%) are likely to be prone to independent operator usage. Additionally, the practice occurs predominantly within the residential sector.

Bill 119 also required mandatory insurance coverage for executive officers, referring to individuals who are classified as self-employed and incorporated and with paid help. According to the Labour Force Survey, there were an average of 38,000 executive officers in the construction industry between 2013 and 2017. They are likely concentrated in renovation, maintenance (both residential and non-residential), and low-rise construction. The impact of executive officers is not considered in the estimates of revenue losses calculated in the remainder of this report.

## Part IV: Estimates of Revenue Losses

Underground practices in the construction industry result in revenue losses to governments and government agencies which affect the WSIB, the tax system, the Canada Pension Plan and the Employment Insurance system. The following sections discuss the nature of each stream of revenue loss and provide estimates of their magnitudes. A range of estimates is stated for each stream as an acknowledgement of the uncertainty involved in attempting to quantify underground activities. A technical appendix providing details on the assumptions used to generate the revenue loss estimates is included at the end of this report.

### ***Estimated Revenue Losses to WSIB***

The main causes of revenue losses to the WSIB include:

- Improper styling of workers as independent operators
- Non-registration of construction employers
- Deliberate misclassification of workers into rate groups with lower premiums
- Under-reporting of payroll

The introduction of Bill 119 was expected to reduce revenue losses to the WSIB, primarily by curtailing the styling of workers as independent operators.

Figure No. 7 provides estimates of revenue losses to the WSIB from independent operators who have not complied with the mandatory coverage requirements of Bill 119. The number of non-compliant independent operators is the difference between the total number of independent operators and the number of active WSIB construction registrants in the sole-proprietorship, incorporated and partnership categories. Estimates are provided for each year between 2013 and 2017 and as an average for the entire period.

Overall, estimates of revenue losses to the WSIB ranged between \$308 million and \$340 million annually during the 2013-2017 period. Loss estimates are on par with findings from the most recent prior version of this report, which estimated losses to the WSIB of \$268 million to \$383 million annually during the 2007-2009 period. While average earnings increased from \$45,000 to \$60,000, a concurrent decrease in average WSIB construction premiums led to similar loss estimates for the two periods. Furthermore, industry growth in the intervening years has led to greater construction employment in current estimates. The rate of employment growth for the industry as a whole outpaced growth among independent operators, one sign that the introduction of Bill 119 did in fact affect non-compliance.

**Figure No. 7**

Estimated Revenue Losses to WSIB from 'Independent Operator' Non-Compliance  
Ontario, 2013-2017 Average and Annual Estimates

	2013	2014	2015	2016	2017	Average 2013-17
No. of Active WSIB Construction Registrations	16,273	22,306	24,500	26,394	20,411	<b>21,980</b>
<i>Sole-Proprietorship without Employees</i>	6,200	8,598	9,002	9,097	9,106	<b>8,400</b>
<i>Incorporated without Employees</i>	5,122	6,898	7,612	8,250	6,759	<b>6,930</b>
<i>Partnership</i>	605	818	870	927	783	<b>800</b>
<i>Other</i>	4,346	5,992	7,016	8,120	3,763	<b>5,850</b>
No. of Independent Operators	94,730	101,750	104,390	102,090	96,730	<b>99,940</b>
No. of Non-Compliant Independent Operators*	82,800	85,440	86,910	83,820	80,080	<b>83,810</b>
Average Earnings	\$58,050	\$59,660	\$60,640	\$61,910	\$61,890	<b>\$60,430</b>
Non-Compliant Payroll (millions)	\$4,806	\$5,097	\$5,270	\$5,189	\$4,956	<b>\$5,064</b>
Average Construction Premium	6.52%	6.60%	6.65%	6.43%	5.79%	<b>6.40%</b>
Lost Premium Revenues (millions) – Low Estimate	\$298	\$320	\$333	\$317	\$273	<b>\$308</b>
Lost Premium Revenues (millions) – High Estimate	\$329	\$353	\$368	\$350	\$301	<b>\$340</b>

Source: Statistics Canada, Labour Force Survey & SEPH; WSIB

\*Calculated by subtracting No. of Active WSIB Construction Registrations (excluding those that fall within the "Other" category) from the No. of Independent Operators

The number of non-compliant independent operators increased steadily over the 2013-2017 period, peaking in 2015, before falling in both 2016 and 2017, while the number of active WSIB construction registrations reached its peak in 2016. Notably, estimated revenue losses were significantly lower in 2017 than any other year in the period, a result of the drop in average WSIB premium to below 6.00%.

While the estimates presented in Table 7 are aggregates it is likely that the incidence of independent operators is much greater in some trades (e.g. floor covering installers, tilersetters) than in other trades (e.g. the electrical and mechanical trades). It is also likely that employers in trades with higher WSIB premium rates use independent operators more frequently as they have a greater incentive to avoid paying those premiums. Since the average construction premium rates used in the revenue loss estimates are unweighted by rate group it is probable that actual revenue losses exceed the estimates.

## Estimates of Revenue Losses to the Income Tax System

Figure No. 8 provides estimates of income tax revenue losses as a result of under-reporting of income by self-employed persons in the construction industry. It is assumed that 80% of average earnings are taxable income. Federal and provincial tax rates from 2017 were used to determine average tax obligations. Revenue losses to the income tax system are dependent on the portion of earnings received by self-employed construction workers that is not declared. Estimates are presented based on a range of assumptions, from as low as 10% of earnings being undeclared to as high as 60%.

### Figure No. 8

Estimated Revenue Losses to Income Tax System from Undeclared Remuneration of Self-Employed Workers in Construction  
Ontario, 2013-2017 Average

Self-Employed (all categories)	152,300
Average Earnings	\$60,400
Est. Taxable Earnings (80%)	\$48,300
Est. Tax: Federal	\$7,400
Est. Tax: Provincial	\$2,700
Total Tax	\$10,100
Total Tax Obligation of Self-Employed (millions)	\$1,535
Revenue Loss from Undeclared Earnings (millions)	
• 10% of earnings undeclared	\$153
• 20% of earnings undeclared	\$307
• 30% of earnings undeclared	\$460
• 40% of earnings undeclared	\$614
• 50% of earnings undeclared	\$767
• 60% of earnings undeclared	\$921

Source: Statistics Canada, Labour Force Survey & SEPH; WSIB

Revenue losses to the income tax system from undeclared earnings during the 2013-2017 period range from \$153 million to \$921 million annually. These estimates are roughly 5% higher than previous findings. Specifically, revenue losses from undeclared earnings during the 2007-09 period were estimated to be \$147 million to \$881 million annually. However, it should be noted that the definition of average earnings in prior estimates encompassed wages and salaries as well as supplementary and mixed income.

Figure No. 9 presents estimates of revenue losses to the income tax system from under-reporting by self-employed persons and two additional sources: moonlighting and unmeasured construction work. Moonlighting refers to the practice of multiple jobholding by persons with regular jobs in the construction industry and the resulting undeclared additional income. Estimates of the frequency of moonlighting were based in part on data from the Labour Force Survey with the caveat that only a portion of workers engaged in the practice will report their moonlighting activities. Unmeasured construction work refers to construction work that is not included in official estimates of GDP and employment, and is primarily an issue in residential construction. A recent report by Statistics Canada estimated that unmeasured construction work in the residential sector accounted for 8.4% of total construction GDP (i.e. official GDP and upper bound underground economy estimates). Furthermore, since this work is unmeasured it is assumed that a high proportion of the earnings from it would be undeclared.

### Figure No. 9

Estimated Revenue Losses to Income Tax System from Undeclared Remuneration in Construction  
Ontario, 2013-2017 Average (millions)

Losses from Undeclared Income of:	Low	High
Self-Employed	\$460	\$931
Moonlighters (Multiple Job Holders)	\$13	\$66
Unmeasured/Undeclared Construction Work	\$100	\$161
<b>Total</b>	<b>\$573</b>	<b>\$1,148</b>

Source: Statistics Canada, Table 14-10-0044-01

Overall, undeclared income from self-employed persons, moonlighters and unmeasured construction work is estimated to have resulted in lost revenue to the income tax system of between \$573 million and \$1,148 million annually from 2013 to 2017. The large range of estimates is indicative of the assumptions necessary when attempting to quantify inherently unmeasurable outcomes. These estimates are approximately 10% higher than those from the previous report update, which found losses to the income tax system of \$515 million to \$1,048 million annually for the 2007-2009 period.

## Estimates of Revenue Losses to Governments and Government Agencies

Figure No. 10 summarizes the estimated revenue losses to the WSIB and the income tax system as described previously. It also includes other streams of revenue loss from underground practices.

### Figure No. 10

Summary of Estimated Revenue Losses to Governments and Government Agencies from Underground Economy Practices in Construction Ontario, 2013-2017 Average (millions)

	Low	High
WSIB Premiums	\$308	\$340
Income Tax	\$573	\$1,148
HST – Federal	\$192	\$320
HST – Provincial	\$307	\$512
CPP	\$341	\$656
EI	\$62	\$119
EHT	\$12	\$18
<b>Total</b>	<b>\$1,795</b>	<b>\$3,113</b>

Source: BuildForce; WSIB; Statistics Canada

### HST Evasion

The issue of HST evasion is relevant only to residential construction services work for two reasons. First, contractors cannot avoid paying sales tax on the purchase of any construction materials, meaning evasion is limited to the services portion of construction work. Second, businesses can reclaim HST payments for any non-residential construction work through input tax credits, meaning they have no incentive to evade. As a result of these factors, loss estimates from HST evasion are limited to residential renovation (excluding repair) spending.

Estimated losses from HST evasion for the 2013-2017 period were between \$192 million and \$320 million federally and \$307 million and \$512 million provincially each year. The most recent previous version of this report was written before the implementation of the HST in Ontario in 2010, when only the federal government experienced revenue losses from sales tax evasion. Revenue losses for the 2007-2009 period were estimated at \$168 million to \$210 million federally each year.

### *Lost CPP and EI Contributions*

Undeclared income from self-employed workers, moonlighters and unmeasured construction work totaled an estimated \$3.4-\$6.6 billion annually for the 2013-2017 period. Contributions to the Canada Pension Plan (CPP) from these earnings would have generated \$341-\$656 million in revenue each year. Employment Insurance (EI) contributions would have generated an additional \$62 million to \$119 million annually. In comparison, the previous report estimated lost CPP contributions of \$285-\$555 million and lost EI contributions of \$79-\$153 million.

### *Lost EHT Revenues*

The primary cause of lost Employer Health Tax (EHT) revenues is the styling of workers as independent operators since this means they are not included on payrolls. This practice resulted in approximately \$12-\$18 million in lost revenue annually for the 2013-2017 period. The previous report estimated lost EHT revenues at \$8-\$10 million. The relatively small losses seen here are largely a result of exemptions to the EHT based on payroll size that apply to the majority of Ontario's construction establishments.

**Underground economy practices in Ontario's construction industry resulted in estimated revenue losses on the order of \$1.8-\$3.1 billion annually during the 2013-2017 period. This estimate represents an approximate 30% increase over estimated revenue losses for the 2007-2009 period, which were on the order of \$1.4-\$2.4 billion.**

## Part V: Options to Curtail the Underground Economy in the Construction Industry

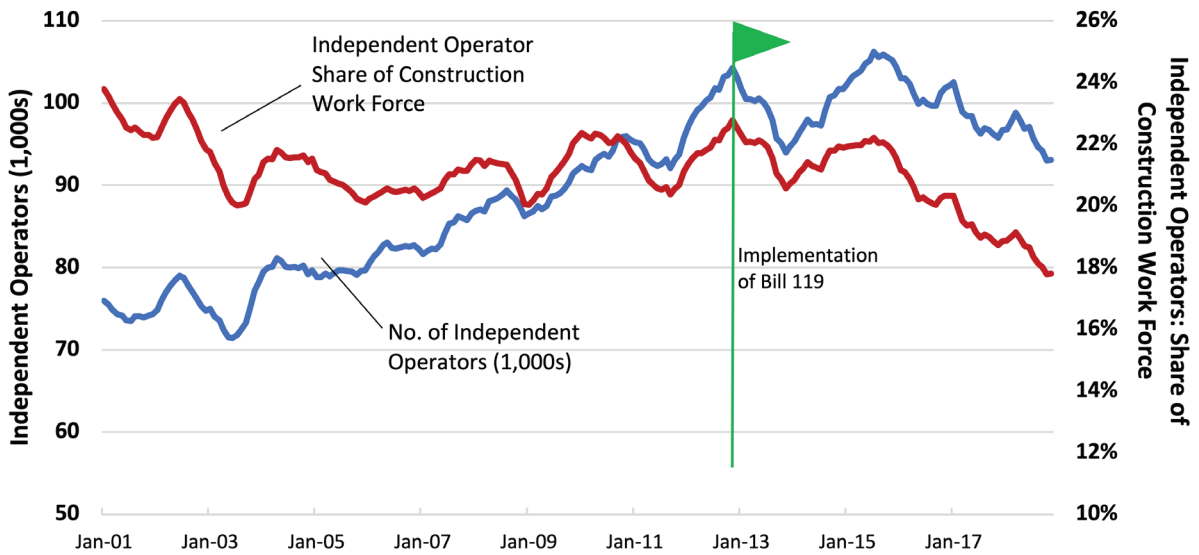
There continues to be widespread styling of workers who are employees in the substantive sense of that term as 'independent operators.' The reason for this styling is to avoid the payroll costs and other obligations associated with hiring workers as employees. Styling workers as 'independent operators' also enables those workers to avoid deductions at source and to under-report their earned income. The styling of workers as 'independent operators' is the real foundation of the underground economy and the principal cause of revenue losses to governments and government agencies. This situation undermines the level playing field that is important to the integrity of the construction industry. It rewards the cheaters while putting those contractors and workers that comply with their obligations at a competitive disadvantage. For these reasons, it is important to substantially increase the rate of compliance among 'independent operators' with the obligation to register with the WSIB. Registration with the WSIB formalizes a worker's status and thereby increases the likelihood of scrutiny by CRA. The greater likelihood of CRA scrutiny encourages a more complete reporting of earnings to CRA. Registration with the WSIB is therefore an important lever to foster more general compliance with tax and other obligations. It is also a 'lever' that is entirely within the control of the province. Bill 119 was intended to achieve this result. However, Bill 119 did not have the expected impact.

Bill 119, the *Workplace Safety and Insurance Amendment Act* was adopted in 2008. That legislation provided for the mandatory registration with the WSIB of independent operators, sole proprietors, partners in partnerships and executive officers of corporations. Registration became mandatory on January 1, 2013. An estimate of the registration rate of independent operators can be formulated by comparing WSIB administrative data with the number of independent operators in construction estimated by the Labour Force Survey. This suggests that the registration rate is 20% or less. It would be incorrect to infer from the apparently low registration rate that Bill 119 was a failure. The following graph shows that after Bill 119, both the number of independent operators in the construction industry and their share of the construction workforce declined, although not by a large proportion.



**Figure No. 11**

Number and Share of Independent Operators in Construction Workforce Ontario, 2001-2018 (12 Month Moving Averages)



Source: Statistics Canada, Table 14-10-0026-01

Following the implementation of the mandatory registration provisions of Bill 119, the number of independent operators fell by roughly 8.5% while the construction work force increased by somewhat more than 30%. As a result, the share of independent operators in the construction work force declined from 22.5% prior to the implementation of mandatory registration to 17.8% in the autumn of 2018. In the autumn of 2018, there were approximately 93,000 independent operators working in construction. In the absence of the mandatory registration provisions of Bill 119, this number would likely have been around 127,000 assuming that the independent operator share prior to January of 2013 remained constant. Bill 119, therefore, has an impact.

Notwithstanding the positive impact of Bill 119, styling workers as independent operators to avoid payroll and employment obligations continues to be a serious problem. WSIB registrations rates are far below what should be acceptable. The proportion of independent operators in the construction work force is still significantly above the 13.7% level that prevailed prior to the implementation of the Goods and Service Tax in 1991.

There are several strategic options available to curtail the improper styling of workers as independent operators:

1. Increased enforcement in co-operation with CRA
2. Strengthening the diligence duties of prime contractors
3. Increasing the diligence duties of public sector owners and P3 consortia
4. Named WSIB coverage
5. Payment of WSIB premiums by the engager
6. Deductions-at-source per the UK Construction Industry Scheme

### **1. Increased Enforcement in Co-operation with CRA**

Persons reporting business or self-employment income to CRA complete Form T2125. This form requires the individual to indicate their “business name”, “main product or service” and their “industry code”. In principle, therefore, it should be possible to identify persons who report self-employment or business income from working in the construction industry. Associating these tax returns with WSIB registration data should identify tax-filers who earned business or professional income in the construction industry but did not register with the WSIB or paid WSIB premiums that are inconsistent with the amount of earnings reported.

### **2. Strengthening the Diligence Duties of Prime Contractors**

**Sec. 141.1(2)** of the Workplace Safety and Insurance Act provides as follows:

**(2)** A person who directly retains a contractor or subcontractor to perform construction work,

- (a)** shall ensure that the contractor or subcontractor complies with the contractor's or subcontractor's payment obligations under this Act in respect of the work; and
- (b)** is liable for those obligations, to the extent that the contractor or subcontractor does not comply with them.

In practice, a prime contractor usually requires sub-contractors to contractually declare that they are in compliance with their statutory obligations (including WSIB registration and payment of premiums) and to submit a ‘clearance certificate’ confirming that the sub-contractor is current in its obligations to pay premiums to the WSIB. The WSIB Policy Manual states that “the WSIB issues a clearance certificate (clearance) to relieve a principal of liability for payment obligations to the WSIB that a contractor or sub-contractor may incur with respect to a contract entered into between the principal and the contractor or subcontractor during the validity period of the clearance.”<sup>2</sup> These

<sup>2</sup> [http://www.wsib.on.ca/WSIBPortal/faces/WSIBManualPage?cGUID=14-02-04&fGUID=835502100635000491&\\_afLoop=410889357350000&\\_afWindowMode=0&\\_afWindowId=null#%40%3FcGUID%3D14-02-04%26\\_afWindowId%3Dnull%26\\_afLoop%3D410889357350000%26\\_afWindowMode%3D0%26fGUID%3D835502100635000491%26adf.ctrl-state%3D16bcl2qksb\\_4](http://www.wsib.on.ca/WSIBPortal/faces/WSIBManualPage?cGUID=14-02-04&fGUID=835502100635000491&_afLoop=410889357350000&_afWindowMode=0&_afWindowId=null#%40%3FcGUID%3D14-02-04%26_afWindowId%3Dnull%26_afLoop%3D410889357350000%26_afWindowMode%3D0%26fGUID%3D835502100635000491%26adf.ctrl-state%3D16bcl2qksb_4)

procedures do not provide effective protection against the styling of workers as independent operators to avoid payroll-related costs (e.g., EI, CPP, WSIB) and Employment Standards Act costs (e.g., pay for overtime, vacation, and statutory holidays). In fact, the prime contractor often benefits from this inappropriate styling of workers as independent operators through a lower sub-contract cost.

The prime contractor, therefore, has no financial incentive to verify that workers classified as independent operators actually meet the definition of an independent operator in the *Workplace Safety and Insurance Act*.<sup>3</sup>

Greater diligence duties could be required of prime contractors before they are exempted from the liability for payment of premiums by their sub-contractors. Specifically, if a prime contractor engages a sub-contractor who utilizes independent operators, the prime contractor could be obliged to confirm that the persons classed as independent operators (1) have been engaged by more than one contractor in the past 18 months, (2) supply their own tools and equipment, and (3) are registered with the WSIB as independent operators. Imposing these additional diligence duties on prime contractors would encourage prime contractors to exclude from sub-contracting entities that use a significant number of independent operators.

### 3. *Increasing the Diligence Duties of Public Sector Owners and P3 Consortia*

Public sector owners could also be obliged to exercise greater diligence to ensure that the contractors they engage (or who are engaged through sub-contract) do not improperly classify workers as independent operators. The usual practice of public sector owners is to require their contractors to affirm, as part of their contract, that they are in compliance with all statutory obligations. Public sector owners also typically require a WSIB clearance certificate from their prime contractors. These procurement practices are insufficient to discourage an opportunistic contractor from improperly styling of workers as independent operators.

---

<sup>3</sup> Sec. 12.1 provides that:

“independent operator” means,

- (a) an individual who,
  - (i) does not employ any workers,
  - (ii) reports himself or herself as self-employed for the purposes of an Act or regulation of Ontario, Canada or another province or territory of Canada, and
  - (iii) is retained as a contractor or subcontractor by more than one person during the time period set out in a Board policy, or**
- (b) an individual who is an executive officer of a corporation that,
  - (i) does not employ any workers other than the individual, and
  - (ii) is retained as a contractor or subcontractor by more than one person during the time period set out in a Board policy.**

Current WSIB policy requires a worker in the construction industry to be employed by more than one contractor over an 18-month period to meet the definition of ‘independent operator’.

The same diligence obligations as discussed above for prime contractors could be applied to public sector owners, especially if the costs of construction work are being financed in whole or in part with provincial monies. Specifically, public sector owners could be required to confirm that the persons classed as independent operators (1) have been engaged by more than one contractor in the past 18 months, (2) supply their own tools and equipment, and (3) are registered with the WSIB as independent operators. These additional diligence requirements would discourage contractors that use a significant number of independent operators from bidding on public sector work. These additional diligence requirements are made even more appropriate by Bill 66 which deems municipalities, certain local boards, school boards, hospitals, colleges, universities and public bodies to be non-construction employers.

#### **4. *Named WSIB Coverage***

Currently employers that are registered with the WSIB only report their covered payroll. Employers do not list the employees who are covered by the premium payment. A construction employer could have a mixed work force composed of regular employees and workers who are styled as independent operators and do not register with the WSIB. The employer only pays WSIB premiums on the payroll of the regular employees. If an independent operator is seriously injured, the employer and the worker could conspire to support a WSIB claim. The worker would report himself or herself as an employee and the employer would not dispute this. The worker would receive benefits even though no premiums had been paid on the worker's behalf. An option to curtail this practice would be to require construction employers to file a list of the employees who are covered by the premium payment. 'Named' coverage might have some impact on the improper styling of workers as independent operators since contractors that engage in this practice would no longer be able to offer to support WSIB claims for workers where no corresponding premiums had been paid.

#### **5. *Payment of WSIB Premiums by the Engager***

Currently the independent operators engaged by a contractor are required to register with the WSIB and pay premiums directly to the WSIB. The contractor has no obligations. The contractor, however, is liable for the WSIB premiums (subject to a right of recovery) if the contractor has not asked for clearance certificates from the independent operators. An alternative to this procedure would be to require the engaging contractor to remit a premium that covers both the contractor's covered payroll and the contractors 'deemed payroll', where the 'deemed payroll' is the remuneration paid to independent operators. This would ensure that all workers, regardless of their status, are covered by the WSIB and that appropriate premiums are paid for that coverage. Contractors would presumably reduce their payment to independent contractors by the additional amount that they are required to pay in premiums to the WSIB.

There are three advantages to instituting payment of premiums by the engager. First, from an administrative perspective, it eliminates the WSIB's need to maintain many thousands of independent operator accounts. Second, it ensures that most independent operators will be covered by the WSIB, which was the intent of Bill 119. As noted earlier, currently no more than a fifth of independent operators appear to be registered with the WSIB. Third, because the premiums and claims of the independent operators would be on the contractor's account, the contractor would have an incentive under the experience rating system to ensure safe working conditions for the independent operators.

While payment of premiums by the engager would address the issue of WSIB coverage, it would not address the issue of workers being denied their Employment Standards Act entitlements because they were improperly classified as independent operators rather than employers.

#### **6. *Deductions-at-Source per the UK Construction Industry Scheme***

The most comprehensive strategy to address the improper classification of workers as independent operators would be to adopt the deductions-at-source model enacted for the construction industry in the United Kingdom and subsequently adopted by other European jurisdictions.

The U.K.'s Construction Industry Scheme (CIS) was first adopted in 1975 and subsequently revised in 1999 and 2007. The CIS has two objectives. The first is to ensure that the government collects the appropriate tax remittances from persons who report themselves to be self-employed. The second objective is to reduce the number of persons who are improperly classified as self-employed (the 'bogus self-employed').

The following is a capsule description of the CIS:

- All contractors and sub-contractors must register with Her Majesty's Revenue and Customs (HMRC). HMRC is the U.K.'s counterpart to the Canada Revenue Agency (CRA).
- For registration purposes, 'contractor', includes non-construction businesses and public sector entities that purchase over £1.0 million (approx. C\$1.75 million) of construction.
- A construction contractor sub-contractor must show their registration card to their engager. For these purposes, the engager would be either a registered non-construction business or a registered contractor who is acting as a prime contractor.

- All construction invoices are divided between labour and materials.
- An engager must deduct and remit to HMRC 20% of the labour if the contractor or sub-contractor is registered or 30% if the contractor or sub-contractor is not registered.
- The amounts remitted to HMRC are credited to the tax account of the contractor or sub-contractor in the same way that the deductions-at-source for an employee are credited to his or her account.
- Contractors and sub-contractors can apply for an exemption that allows them to be paid gross provided: (1) they can demonstrate that they are a bona fide business, (2) their annual revenues are in excess of £30,000 (approx. C\$52,500) for individuals or partners or £200,000 (approx. C\$350,000) for businesses, and (3) they are fully compliant with all tax obligations including a record of timely filing and remittance.

The U.K.'s deduction-at-source model, if adopted in Ontario, would largely eliminate the underground economy in the construction industry and ensure a level playing field in the construction industry. Such a system also would significantly reduce the incentive for workers to allow themselves to be styled as independent operators.

# Conclusion

This report updated earlier estimates on the size of the underground economy in Ontario's construction industry and the consequent revenue losses to governments and government agencies. The report's key findings are:

- 1) The magnitude of the underground economy and the magnitude of the revenue losses to governments and government agencies have increased;
- 2) The principal driver in the growth of the underground economy is the improper and illegal styling of workers as independent operators when they should be deemed to be employees;
- 3) Bill 119 may have slowed the growth of the underground economy in the construction industry, but the legislation did not arrest or reverse the trend; and
- 4) Curtailing the underground economy in Ontario's construction industry will require more concerted enforcement of existing statutory obligations and consideration of new enforcement strategies including the payment of WSIB premiums by engagers and the implementation of a deduction-at-source model similar to the U.K.'s Construction Industry Scheme.

**The underground economy costs all of us. Contractors that achieve a competitive advantage by styling their employees as independent operators enjoy an unfair advantage over contractors that comply with their WSIB and tax obligations. This is both unfair and economically damaging. Contractors that cheat on the WSIB and on CRA are also likely to invest nothing in apprenticeship and to cut corners on health and safety. The taxes and premiums that are paid by the contractors and workers that comply with their WSIB and CRA obligations are higher because of the evasion of those obligations by contractors and workers that utilize the 'independent operator' loophole. We need to close that loophole.**

# Technical Appendix

## Employment Estimates

Construction employment estimates as seen in Figures No. 5 and 6 are based on employment estimates developed by BuildForce Canada and exclude non-trades employment.

Note that employment estimates by sector may not equal total employment due to rounding.

## Independent Operators

Independent operators are defined as self-employed persons (both incorporated and unincorporated) who do not employ paid help. Data on the incidence of independent operators in Ontario's construction industry were collected from Statistics Canada's Labour Force Survey, Table 14-10-0027-01 (formerly CANSIM Table 282-0012).

Data on the incidence of independent operators by construction sector are judgment-based estimates. They are partly based on estimates of employment by class of worker in Ontario's construction industry from the 2016 Census. Given these known shares, the remaining values were estimated using a residual analysis. For example, the independent operator shares for the ICI sectors were estimated based on the known shares for the civil sector and non-residential sector as a whole to ensure that all shares were arithmetically valid.

## Estimates of Revenue Losses to WSIB

The average earnings estimate is based on data on average weekly earnings in construction from Statistics Canada's Survey of Employment, Payrolls and Hours, Table 14-10-0204-01 (formerly CANSIM Table 281-0027). Weekly earnings were annualized assuming a 52-week work year.

The number of non-compliant independent operators is defined as the total number of independent operators less the number of active WSIB construction registrants in the sole-proprietorship, incorporated and partnership categories. Data on construction registrants were collected directly from the WSIB.

The average WSIB construction premium rate is the unweighted average of the premium rates for all construction rate groups. The range of estimated revenue losses was calculated based on 5% decrease (low estimate) or 5% increase (high estimate) from the annual revenue loss estimate. For example, in 2017 the non-compliant payroll was estimated at \$4.96 billion, which would generate estimated revenue losses of \$287 million given a WSIB premium of 5.79%. The range of estimates would then be 95% of \$287 million, or \$273 million, and 105% of \$287 million, or \$301 million.



### **Estimates of Revenue Losses to Income Tax System**

It is assumed that 80% of average earnings are taxable. Federal and provincial tax rates were collected from the Canada Revenue Agency's official publications and are for the 2017 tax year. Data on self-employed persons in Ontario's construction industry were collected from Statistics Canada's Labour Force Survey, Table 14-10-0027-01 (formerly CANSIM Table 282-0012). The rate of income tax evasion among self-employed persons is assumed to be 30% (i.e. 30% of earnings are undeclared) for the low estimate and 60% for the high estimate.

Estimates of the number of moonlighters in construction are judgment-based estimates. Per Statistics Canada's Labour Force Survey, the rate of multiple job holding in Ontario's construction industry was 4% on average between 2013 and 2017. This share was used to calculate the low estimate for revenue losses. The share was raised to 6% for the high estimate under the assumption that some workers do not officially report their moonlighting activities. The low and high estimates also differed on the assumption of the number of days per year that workers spent on moonlighting activities; the former estimated 40 days were spent moonlighting while the latter assumed 80 days. In both cases, it was assumed that workers earn \$30 per hour while moonlighting.

Income tax evasion rates are also judgment-based estimates. It is assumed that a high proportion of moonlighting work is paid for in cash and, therefore, goes undeclared. The low estimate for revenue losses assumes a 40% evasion rate while the high estimate assumes a 70% rate.

The amount of unmeasured construction work is based on estimates from "The Underground Economy in Canada, 1992 to 2011", a 2014 report by Statistics Canada. That report found the total GDP for the construction economy (i.e. official figures and estimates of underground activities) to be \$112,522,000,000. The same report found the underground economy in residential construction to be worth an estimated \$9,508,000,000, or 8.4% of total construction GDP. The rate of income tax evasion related to unmeasured construction work is assumed to be 50% for the low estimate and 80% for the high estimate.

### **Estimates of HST Revenue Losses**

HST is assumed to be limited to residential construction services work, as described in the body of the report. Data on residential renovation spending during the 2013-2017 period were provided by BuildForce Canada. It is assumed that 60% of spending can be attributed to labour, with the remaining portion attributed to the purchase of materials. The undeclared portion of labour spending is assumed to be 30% for the low estimate of revenue losses and 50% for the high estimate. In both cases, a 5% rate was applied to the federal portion of HST and an 8% rate was applied to the provincial portion.

### Estimates of CPP and EI Contribution Losses

Estimates of lost contributions to CPP and EI are based on the undeclared income from self-employed persons, moonlighters and unmeasured construction work. The undeclared income for each group was calculated as follows:

	Income	Undeclared %		Undeclared Income	
		Low	High	Low	High
Self-employed	\$9,202,600,013	30%	60%	\$2,760,780,004	\$5,521,560,008
Moonlighters	\$199,260,000	40%	70%	\$79,704,000	\$139,482,000
Unmeasured	\$1,204,661,192	50%	80%	\$602,330,596	\$963,728,953
<b>Total</b>	<b>\$10,606,521,205</b>			<b>\$3,442,814,600</b>	<b>\$6,624,770,961</b>

Lost CPP contributions were derived by applying the self-employed CPP contribution rate from 2017 (9.9%) to both estimates of total undeclared income. Similarly, lost EI contributions were derived by applying the self-employed EI contribution rate (1.8%) from 2017 to both estimates.

### Estimates of EHT Revenue Losses

Estimates of lost EHT revenue due to the usage of independent operators were calculated based on the average number of independent operators during the 2013-2017 period (99,940). Only a portion of independent operators would have worked for employers that were EHT-liable based on their payroll size. It is assumed that the share of independent operators who should be added to EHT-liable payrolls is 20%, or 19,990 workers, for the low estimate of revenue losses and 30%, or 29,980 workers, for the high estimate. EHT revenue losses were then calculated as 1% of the average annual earnings (\$60,4000) for those workers.



## About the OCS

The Ontario Construction Secretariat (OCS) was formed in 1993 to represent the collective interests of the unionized construction industry in Ontario's industrial, commercial and institutional (ICI) construction sector. As a joint labour-management organization, OCS is dedicated to enhancing Ontario's unionized ICI construction industry by developing relationships, facilitating dialogue and providing value-added research to our industry and government partners.

## About Prism Economics and Analysis

Prism Economics and Analysis (Prism Economics), established in 2000, has a long history of working with construction industry stakeholders. By delivering insightful economic and strategic analysis, Prism Economics provides confidence to governments, industry, NGOs and other clients as they seek to understand the markets they operate in, evaluate the programs they operate, or develop and implement the strategic plans they need.



180 Attwell Dr., Suite 360, Toronto, ON M9W 6A9

✉ info@iciconstruction.com ☎ 416.620.5210 FAX 416.620.5310 TOLL FREE ☎ 1.888.878.8868

Follow the OCS on Twitter 🐦 @OntConstSec



Ontario Construction Secretariat

KNOWLEDGE TO BUILD ON

[www.iciconstruction.com](http://www.iciconstruction.com)