Canadian Manufacturers & Exporters

January 15, 2018

Workplace Safety and Insurance Board
Consultation Secretariat
Rate Framework Policy Consultation
200 Front Street West
Toronto, Ontario M5V 3J1

Sent via E-mail: consultation_secretariat@wsib.on.ca

Dear Consultation Secretariat:

Re: Funding Framework Policy Submissions
Canadian Manufacturers & Exporters (CME) appreciates the opportunity to provide input to the Workplace Safety & Insurance Board's (WSIB) Rate Framework Draft Policies Consultation.

By way of background information regarding CME, it is Canada's leading trade and industry association and the voice of manufacturing and global business in Canada. The
Association directly represents more than 10,000 leading companies nationwide. More than 85% of CME's members are small and medium-sized enterprises. As Canada's leading business network, CME touches more than 100,000 companies from coast to coast, engaged in manufacturing, global business and service-related industries. CME's membership network accounts for an estimated 82% of Canada's total manufacturing output and 90% of our manufacturing exports. It is also important to note that for every dollar invested in manufacturing, it generates $3.25 in total economic activity.

About CME:

- 10,000+ members (approximately half are in Ontario)
- Businesses in all sectors of manufacturing and exporting across Canada as well as
- supporting services
- 75% of Canada's industrial output 90% of exports
- 92% of members are small/mid-sized companies
- Chair of the Canadian Manufacturing Coalition
- 47 industry associations across Canada/US manufacturing
- National office in Ottawa and divisions in every province

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About the importance of manufacturing:

- Direct economic impact
- A $270 billion business
- 21 industry sectors (processing, fabrication, assembly, high tech)
- 13% of GDP
- Directly employs approximately 800,000 Ontarians (1.5 million indirect)
- A critical anchor for real wealth creation and innovation
- Every $1 in manufacturing output generates an average $3.25 in total economic activity
- 65% of merchandise exports

BACKGROUND TO CONSULTATION

In August of 2017 the WSIB released 7 Rate Framework Draft Policies for consultation and stakeholder input. The draft policies cover the following issues: Coverage; The Classification Structure; Eligibility for Single or Multiple Premium Rates; Associated Employers; Temporary Employment Agencies; Employer Level Premium Rate Setting; and Employer Premium Adjustments (collectively, the "draft policies").

The draft policies are key to the implementation of the WSIB's new Rate Framework which was approved in November 2016 by the WSIB Board of Directors, following a multi-year stakeholder engagement and consultation process.

The draft policies were developed to support the implementation of the rate framework and include features of the rate framework that have been shared with stakeholders already, such as the rate framework's classification structure and premium rate setting methods.

CME RESPONSE

CME appreciates the WSIB's commitment to the development of the policies necessary to help employer stakeholders in understanding the new Rate Framework. CME agrees that it is critical that the draft policies be approved in sufficient time to allow as much education on the new policies as possible. It is as equally important that the policies clearly articulate the issues and provide employers with the necessary tools to understand the principles guiding the WSIB in its implementation of the new framework.

CME also acknowledges the WSIB's response to the initial negative feedback on the draft polices following its release of the documents in August of 2017. Following the many concerns raised by the employer community on the original draft polices, the WSIB responded by creating a working group with employers to obtain direct feedback on how the policies could be improved to better address the employer needs. CME appreciates the WSIB's efforts to revisit the process and revise the draft policies in an effort to move forward with policies which are more reflective of the realities facing employers on the new topics identified in the draft policies.

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Canadian Manufacturers & Exporters

Regarding the draft policies, CME supports the position submitted by the Ontario Business Coalition, which is supportive of the two very thorough responses to the draft policies submitted by the Office of the Employer Adviser.

CME looks forward to participating in the next phase of this consultation and the next iterations of the draft policies.

Regards,

Maria Marchese
Director
Workplace Safety and Compensation Policy
CME Ontario

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ONTARIO BUSINESS COALITION (OBC)

January 15, 2018

Workplace Safety and Insurance Board
Consultation Secretariat
Rate Framework Policy Consultation
200 Front Street West
Toronto, Ontario M5V 3J1

Sent via E-mail: consultation_secretariat@wsib.on.ca

Dear Consultation Secretariat:

Re: Funding Framework Policy Submissions

The Ontario Business Coalition thanks the Workplace Safety & Insurance Board for the opportunity to provide feedback to its Rate Framework Draft Policies Consultation.

By way of background information, the Ontario Business Coalition (OBC) is the Ontario's largest and most diverse employer organization focused exclusively on workers' compensation issues. Our members represent employers in the manufacturing, auto assembly, construction, retail, hospital, long term care, fuels and temporary staffing services industries in the Workplace Safety & Insurance Board's (WSIB) Schedule 1 class of employers, as well as school boards and other Schedule 2 Employers. We are mandated to work with our members, senior officials at the WSIB and in government to make sure Ontario's workers' compensation system meets the needs of the province's employers and compensates injured workers in a fair and efficient manner.

OBC also appreciates the WSIB's recognition of the serious concerns expressed by employer stakeholders with the initial draft policies which were released in August 2017, and the WSIB's subsequent creation of a working group to obtain more specific input on the drafts.

Attached please find the Officer of the Employer Adviser's (OEA) two submission on the draft policies. OBC supports the concerns expressed by the OEA and will not be providing any additional submission at this time.

OBC looks forward to the next step in this consultation, and the further opportunity to provide input on the next version of the draft policies.

Yours truly,

Ian Cunningham
Chair

Office of the Employer Adviser

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Ontario

Michael Zacks
Director (A) and
General Counsel

October 6, 2017

Workplace Safety and Insurance Board
Consultation Secretariat
Rate Framework Policy Consultation
200 Front Street West
Toronto, Ontario M5V 3J1

Dear Consultation Secretariat:

Re: Funding Framework Policy Submissions

The Office of the Employer Adviser has a statutory mandate under the Workplace Safety and Insurance Act to advise represent and educate primarily employers with fewer than 100 workers. This submission will accordingly be focused on the interests of smaller employers in the workplace safety and insurance system.

General Comments:

We find these policies in the main to be complex and highly integrated. Most small employers will not have read them, and those that have will be hard pressed to understand them. If the goal is to make these policies easily understood by small employers, then policies need to be simplified where possible, or be accompanied by extensive explanatory documents. These accompanying documents must contain clear examples, explanations and definitions of various undefined terms and expanded terms that are sprinkled throughout the policies. This can be done through administrative guidelines which should quickly be available once the policies come into force. This is especially necessary as there are penal consequences buried in some of the policies involving the material change in circumstances rule for associated companies that change status.

Our submissions will address the policies that give us concern.

Coverage Status Policy 12-01-04

We have two comments on this Policy. The first pertains to the statement at the start of the Policy that provides:

> *The business activity of an employer who operates in Ontario, or of a non-resident employer who is determined by the WSIB to have a substantial connection to Ontario, falls under either mandatory coverage or non-mandatory coverage.*

There is no explanation on what is meant by a substantial connection to Ontario. This term must be defined with clarity. Employers have a right to know whether they have a substantial connection, and thus obliged to consider registration with the WSIB.

The second concern is found on page 2 of the Policy:

> ***Transfer to Schedule 1***
>
> *Any Schedule 2 employer may request a transfer to Schedule 1 and receive the protection of collective liability. Schedule 2 employers transferring to Schedule 1 will be classified in one or more 6-digit NAICS codes based on their Schedule 1 business activity. Guidelines for Schedule 2 employers requesting transfers to Schedule 1 can be found in 12-01-02, Employer by Application*

Currently, transfers can go either way. A Sch. 2 employer can transfer to Sch. 1 and then back again on payment of a transfer fee. The absence of a reference to the move from Sch. 1 to 2 for Sch. 2 employers raises the concern that this type of transfer may not be permitted. This needs to be clarified that such bilateral transfers are permitted

The Classification Structure Policy 14-01-01

This is an explanatory Policy. It describes how the WSIB will determine a business' classification in the new system. Generally, it reflects what the WSIB has described to employers. However, to fully appreciate the process one needs to be familiar with the new regulation that was passed last year, O. Reg. 470/16 and the chart of the Classification Structure in the Appendix to the this Policy. There needs to be clearer explanations in the policy.

The Classification Structure Policy is confusing. Although it states that employers are classified in one or more of the 2, 3, 4 and 6 digit NAICS codes the Board only shows 2 – 4 digit codes in its chart. There are no 5 or 6 digit codes shown. Examples of how 5 and 6 digit codes work need to be included.

Ancillary Activities

The Rate Framework Document provides that ancillary operations will remain part of the new funding framework:

> *The concept of business activity remains central to the classification of employers in the new rate framework. To determine what is (and is not) considered a business activity for classification purposes, the WSIB would continue to consider operations that are "ancillary" to the business activity (i.e. in support of the business activity) as part of, and therefore not separately classified from, the employer's business activity.*[1]

The Classification Structure Policy establishes a policy foundation for ancillary activities. Although the regulatory provisions pertaining to ancillary activities will be deleted from the general WSIB regulation when the new system comes into effect the policy has re-introduced ancillary activities in a significantly broadened and open ended way.

As a general observation we question the need for including ancillary activities at all given that an employer's classification will be based on the class with the predominant insurable earnings. The section describing them, unlike the repealed provisions in Ontario Regulation 175/98, s. 6(3) are complex, confusing, and subjective. As an example, the policy provides that,

> *The WSIB will not separately classify the employer's operations that are ancillary, i.e, incidental to the employer's business activity.*

However, towards the end of the policy it states,

> ***Ancillary operation that is a business activity in its own right***
>
> *An employer's ancillary operation may be incidental to the employer's business activity and at the same time carry on a business in its own right. When part of the ancillary operation is carrying on as a business in its own right, it may be eligible for classification in one or more 6-digit NAICS codes, and may be assessed separately, see policy XX-XX-XX, Eligibility for Single or Multiple Premium Rates.*

These two provisions are contradictory on their face. We encourage the WSIB to reword this aspect of the policy and give several examples of how this would work in practice.

The OEA has serious concerns about the extremely expanded and open-ended nature of the how the WSIB is re-interpreting ancillary activities. Under the current general regulation ancillary activities are clearly and specifically defined.

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[1] Rate Framework Modernization - The New Rate Framework, March 2017, page 12.

They are not open-ended. This policy leaves too much discretion to WSIB auditors to define in an ad hoc manner whatever any business activity as ancillary. This will result in inconsistent decisions among auditors, and the possibility of significant retroactive premiums if the employer gets it wrong. Currently, employers know with certainty if an activity is ancillary or not. This is not the case with the Classification Structure policy. It is open ended in the extreme. The description of ancillary activities starts with the following statement:

> *Activities that are incidental to an employer's business activity include, but are not limited to:*

It then continues to describe specific ancillary activities that are in their own right open ended using the phrase *including but not limited to* such as in the provision on administration activities:

> *administration related to an employer's operations including but not limited to management, payroll, human resources, information technology, training and clerical services*

In our submission this wording is grossly unfair to employers. An employer will never know if their organizational structure offends the ancillary activities rule. There can be no certainty. This wording essentially proposes that ancillary means whatever the WSIB says it means.

Further unfairness occurs through the inclusion of activities that have to date not been considered ancillary with no explanation as to why this is being done. The following is a comparison of the current ancillary activity and its policy counterpart:

Regulation 175/98	Draft Policy	Comment
Design, including drafting and engineering, research and development related to goods produced or services provided, or intended to be produced or provided, by the employer.	design, including but not limited to drafting and engineering, research, development and software development related to goods produced or services provided, or intended to be produced or provided, by the employer	In addition to being open ended, the policy expands design by including software development

Marketing, promotion or communication related to goods sold or produced or services provided, or intended to be sold, produced or provided, by the employer.	marketing, promotion, fundraising or communication related to goods sold or produced or services provided, or intended to be sold, produced, or provided by the employer	The policy inserts fundraising. A previously independent and by application activity as an ancillary activity.
The manufacture of packaging or packing materials to be used in the packaging of goods produced by the employer.	packaging an employer's own goods, including but not limited to the manufacturing of packaging material used	This is an example of an open ended activity that leaves employers unclear on what is meant
	the sale of goods produced, or services provided, by the employer (Exception: If the employer operates at least one retail operation located elsewhere than on the production site of the goods the employer produces, the retail activity is considered a separate business activity.)	This is a new ancillary activity. It is in our submission nonsensical. An employer can simply avoid the ancillary application by setting up a stand-alone kiosk anywhere in the province off his production site.

The significant risk to employers with this very broad open-ended version of ancillary activity is found in the following part of the policy:

> ***Changes to classification***
>
> *When registered employers change, add, or discontinue a business activity, they must immediately report this to the WSIB to ensure that they are correctly classified. The WSIB determines how an addition or deletion of activities affects an employer's classification.*
>
> *A classification change may impact an employer's predominant class or subclass or the employer's eligibility for multiple premium rates, see XX-XX-XX, Eligibility for Single or Multiple Premium Rates.*

How is an employer to know whether their classification has changed because of adding an activity which is subsequently determined to be ancillary? This change would be considered a material change in circumstances, and not reporting would be an offence. We strongly recommend that the WSIB

reconsider the need for ancillary activities and if it is to be included then make it a clearly defined as a closed list.

Eligibility for Single or Multiple Premium Rates Policy

The Eligibility for Single or Multiple Premium Rates Policy provides the criteria for obtaining granting multiple classes to an employer in the new system. This is an exception to the rule that an employer is placed in a single class based on the predominant business activity determined by the class that reflects the employer's largest share of insurable earnings. In our view, the criteria are unfair to both small and larger employers.

The criteria require an employer seeking a second (or more) premium rate(s) to meet a business significance test and a non-integration test. The significance test has two parts both of which must be met:

a) generate an annual insurable earnings of at least five times the maximum insurable earnings ceiling for the premium year, and

b) generate at least 25% of the employer's total annual insurable earnings.

In order to have a separate rate the non-predominant activity must be significant in the sense that it generates at least $442,500 in insurable earnings using the 2017 maximum insurable earnings ceiling, which must be at least 25% of the employer's total annual insurable earnings. That means an employer must have at least $1,770,000 in total insurable earnings to be eligible for multiple rate groups. On average this is an employer with 20 workers all paid at least the maximum insurable level for 2017 - $88,500. This would likely exclude many small employers, and larger employers that pay lower based wages.

As the maximum insurable ceiling amount increases annually, it becomes more difficult for a small employer with an independent secondary business activity to qualify for a second rate. A small employer that actually meets the significance test in a particular year, may lose it in a succeeding year if the increase in the insurable ceiling puts the employer under the 25% requirement. In our view this is unfair as being outside the employer's control, and may result in penalties unless the employer closely monitors its insurable payroll – a requirement it has not needed to do outside of the small employer rule.

Larger employers are also prejudiced by this test in another way. As the test requires an employer's secondary activity to generate at least 25 % of total annual insurable earnings, the more insurable earnings a larger employer generates in the primary business the less likely it will be for the employer to maintain the 25% level of earnings for the secondary industry assuming its share of the insurable earnings remains constant, hereby disqualifying the employer from the second rate. Being successful in growing the primary business punishes the employer with the secondary business which does not grow as fast.

This approach puts an employer who qualifies for a second rate in jeopardy should an increase in the insurable ceiling disqualify the employer in a subsequent year. There is an obligation on the employer to notify the WSIB of this material change in circumstances. Failure to do so is a significant risk to employers that place some of them in financial jeopardy because of their inability to stay on top of these complex changes. In our view these policies need to be reviewed from this perspective and assurance given that employers will not be penalized in this way.

If an employer passes the significance test, it must then meet the non-integration test. To meet this test an employer must be able to show that the product or service of the stand-alone activity is not integrated into the development of other products or services of the employer, or used in the joint development of other products or services. The claimed non-integrated service or business activity must not be offered primarily to external, unaffiliated clients together with the product or service of the employer's other operations.

As a general observation we believe most employers will find these criteria difficult to understand as they are vague, unclear and open to subjective interpretation in nature. We recommend that the non-integration criteria must be clarified and clear examples given of how they are to be applied.

The WSIB's decision to allow multiple rate groups was in response to employers' pleas for fairness. Some employers were complaining that if some of their business activities were lumped in with the predominant class, then they could not remain competitive in Ontario, and their only option was to incorporate another company to get a lower rate. The WSIB's draft policy on associated companies has removed this option. Associated companies will be treated as one entity, and the multiple rate rules would be applied to the two or more companies as one if there were affiliation and cooperation. These policies do nothing to foster competitiveness of such companies either in Ontario or globally. We submit that it would be preferable and fairer for employers to have the rules broadened to allow more employers to take advantage of multiple rates, if doing so did no damage to the overall integrity of the new rate setting process.

We recommend that the significance test be removed, and that the WSIB simply applying a non-integration test to determine if an employer is eligible for multiple rates. If an employer believes that it is good business to operate a non-integrated activity, then that is enough to entitle the employer to a secondary rate assuming it meets the other criteria such as a segregated payroll.

Associated Employers Policy 14-01-06

The Associated Employers Policy creates the concept of affiliated employers and co-operative business relationships. It replaces the narrower associated employer rule found in O. Reg. 475/98. The Policy provides that if two or more

employers are affiliated and are engaged in a co-operative business relationship, they are considered associated. The WSIB treats the employers as one employer for the purposes of classification and premium rate setting.

The tests of affiliation and cooperation must both be met for two or more employers to be considered associated. Affiliation is essentially the same under the Policy as associated is under the current regulation.

We have a concern with the affiliation test applicable to where one employer is a corporation and the other employer is a member of a related group that controls the corporation. A related group is described as a group of individuals each of whom is related to all the other members of the group. The actual term *related* is not defined as it is in the current regulation. It seems to be broader than family members but it is not clear. We would recommend that the Policy define related in the same way it defines *family member*.

Employers should not be guessing and not need to call the OEA to find out what the Policy means. There must be clarity so employers will know if they are in compliance with premium remittance rules, especially since the Policy makes it clear the affiliated employers must declare the affiliation as a material circumstance:

> ***Disclosure of association***
>
> *Employers must declare associations with other employers at the time of registration or, if not associated at the time of registration, within 10 days of becoming associated with another employer. The WSIB may determine whether an employer is associated with another employer at the time of registration or any time afterwards; see 22-01-01, Material Change in Circumstances - Employer.*

There is also a reference to associated construction employers, and the impact that will have on executive officers in associated companies:

> ***Associated employers in construction***
>
> *If two or more employers are associated, and one carries on business in construction, and the other(s) does not engage in construction activities, the entirety of both employers' operations are subject to compulsory coverage in construction industry rules (see 12-01-06, Expanded Compulsory Coverage in Construction), even if the entire operations of one or more of the associated employers are not predominantly classified in any of the subclasses of Class G.*

Here is what the WSIB's stated purpose for this rule is in the accompanying consultation document:

The coverage rules for those associated employers engaged in construction activities are also being clarified. To make these rules explicit, the policy states that any employer who is associated with an employer who engages in construction work is subject to compulsory coverage in construction, i.e., requires coverage for all executive officers and partners.

This policy on its face runs counter to the stated purposes of the Funding Framework classification model which is based on what class has the predominant percentage of insurable earnings. If the non-construction company of two associated companies has the predominant amount of earnings in a non-construction class, then company earnings should be rated in the non-construction class. Alternatively, the WSIB could allow the construction company a separate construction rate as an exception to the general rule for multiple rates.

This would be fairer to the employer instead of assessing all non-construction employees in a manufacturing company for example at a construction rate. It would also ensure that directors who are involved in a non-construction company do not have to start paying premiums because of an artificial construct created by this clause in the policy. Employers impacted by this part of the policy would surely see this provision as a pure money-grab by the WSIB.

The OEA has concerns with the supportive component of the affiliation test. The test provides that two or more affiliated employers are engaging in a cooperative business relationship if the businesses are supportive of each other.
The term *supportive* is not defined. It is an extremely broad word. It generally means giving encouragement or approval or actively giving help to someone who needs it.[2] The consultation questions accompanying this policy provide some indication of what the WSIB will consider to be establishing a state of cooperation between two companies:

- *Use of common health and safety policies/practices*
- *Sharing of employees*
- *Sharing of revenues and profits*
- *Sharing of technology*
- *Joint bidding or tendering for contracts*
- *Common collective bargaining process*
- *Common labour policies*

The state of being supportive is vague and open ended. In our submission it requires clear guidance in the Policy. Usually, ancillary activities were considered as supportive of the primary business activities, so we would like to see the Policy explain what the distinction is between ancillary and supportive. Clarity takes on a particular urgency as an employer must declare association with another employer at the time of registration or, if not associated at the time

[2] http://dictionary.cambridge.org/us/dictionary/english/supportive

of registration, within 10 days of becoming associated with another employer, as it is considered a material change in circumstance and thus attracts criminal sanction in the breach. This means potentially any employer who currently has an affiliated company that did not meet the associated company rule in the current regulation would have to declare an associated relationship when the new rate framework comes into effect within 10 days or be at risk of being prosecuted if they do not declare a material change in circumstances.

We assume that the WSIB will likely have a grace period of say a year so employers could bring themselves into compliance like they did under Bill 119 changes. This will still leave I suspect hundreds if not thousands of employers with affiliated companies at risk of significant retroactive premium increases and penalties because they weren't paying premiums at the correct rate as they thought they were in a manufacturing class, but as a result of this new Policy are deemed to be in construction.

The OEA is also concerned with the new common employer rule that provides:

> *When an employer restructures a business, either establishing or consolidating separate legal entities to carry on an existing business, or if an existing employer registers a new legal entity for similar business purposes, these employers will be considered <u>associated for the purposes of classification and premium rate setting.</u>*

This provision causes us concern as it treats a new legal entity as associated with another entity for both classification and premium rate setting. We assume that by using the phrase *rate setting* the WSIB will also apply the accident costs of the prior entity to all associated companies. This will be a trap for many employers, who legitimately restructure a business. Aside from an apparent lack of legal authority to create such a policy, it will result in many employers being retroactively assessed, and potentially run afoul of the material change in circumstance rule. We submit this policy is unjust to employers and should be abandoned.

Similarly we have concerns with the successor employer provision in the policy:

> *The WSIB may also find that an active employer is associated with another employer that is no longer active if the WSIB determines that the person(s) who control the active employer's operations are affiliated with the person(s) who controlled the inactive employer's operations, and the active employer retains the same employees, clients, or similar equipment and business processes as the inactive employer*

We again question the WSIB's statutory authority to make such a policy rule. It will create significant penalties for employers who legitimately close down a corporation particularly in the construction sector when the construction project is over. We submit this provision should also be reconsidered.

Employer Premium Adjustments Policy 14-02-06

This Policy sets out the rules for retroactive adjustments to premium rates. The policy takes the current premium adjustment policy and updates it for the new funding framework. Our comments on this policy reflect a concern that the introduction of such a complex and comprehensive restructuring of the revenue model will result in significant problems for employers for years to come.

Given the complexity of myriad rules that could affect class change, ancillary activities, associated companies and the other rules, the WSIB should only adjust for the year of audit. This one year limit can be reviewed in five years by which time employers will be more comfortable and familiar with the new rules.
We have no comments with respect to the other policies.

I trust the above will be helpful. Please contact me if you have any questions.

Sincerely,

Michael Zacks

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Ontario

Michael Zacks
Director (A) and
General Counsel

January 9, 2018

Workplace Safety and Insurance Board
Consultation Secretariat
Rate Framework Policy Consultation
200 Front Street West
Toronto, Ontario M5V 3J1
Dear Consultation Secretariat:
Re: Funding Framework Policy Submissions

Dear Consultation Secretariat:

Re: RATE FRAMEWORK POLICY CONSULTATION – INTERIM UPDATE.

The following are the OEA's submission on the interim update to the Rate Framework Policy Consultation.

A. Eligibility for Single and Multiple Premium Rates Policy: Test of Significance

The WSIB has proposed three options in response to stakeholders' concerns about the proposed two stage test:

WSIB Action: The WSIB is exploring the following options for adjusting the test of significance:

1. Modifying the percentage of Insurable Earnings (IE) threshold - Currently the draft policy has a threshold of 25%.

2. Creating an exception for the percentage of IE threshold for large employers – This could allow large employers to have multiple rates regardless of percentage of insurable earnings in each business activity.

3. Removing the requirement to meet both criteria – Instead of requiring employers to meet both a 25% threshold for each business activity AND meeting the 5 times maximum IE ceiling threshold, employers would only be required to meet one condition to be eligible for multiple premium rates.

The OEA has concerns with all three options. In our submission the percentage of insurable earnings threshold should be based on rational objective criteria. Why was the 25% amount picked instead of 20% for example.

The OEA agrees with the concern expressed by the WSIB on the second option. Of the three options the third is a reasonable compromise, subject to a discussion about the appropriateness of the 25% threshold.

B. Associated Employers Policy: Test of Affiliation and Test of Cooperation

The OEA supports the WSIB's proposal to review the Associated Employers policy, and especially the tests of affiliation and of cooperation to ensure that the purpose of the policy and the criteria for the tests are clearly explained.

C. Associated Employers Policy: Compulsory Coverage in Construction

The OEA supports the WSIB's proposal to removal of this section of the policy.

D. Classification Structure Policy: Ancillary Operations - Scope and Definition

In response to employer concerns to the ancillary operations policy, the WSIB is proposing three options:

1. Reverting to an inclusive list of ancillary operations, as currently exists in policy.

2. Revising the definition of ancillary operations to a more general definition.

3. Revising or deleting the description of "retail operations" as ancillary.

The OEA supports the first option and the third option. The second option will remove clarity and certainty for employers. An inclusive list will allow certainty which is necessary in this area, and deleting the description of retail operations will remove what is in our submission an illogical ancillary activity.

E. Health and Safety

The OEA supports the WSIB's commitment to review the policies with health and safety in mind.

Thank you for this further opportunity to provide submissions.

Sincerely,

Michael Zacks

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