REMARKS OF VINCENT CARON, DIRECTOR OF POLICY & ONTARIO GOVERNMENT RELATIONS, CME

BILL 149, WORKING FOR WORKERS 4

STANDING COMMITTEE ON SOCIAL POLICY

FEBRUARY 14th, 2023

CHECK AGAINST DELIVERY

Mr. Chair,

Committee members,

I am grateful for the opportunity to address this committee today on behalf of Ontario manufacturers on Bill 149 or Working for Workers 4 as we know it.

This Bill comes at a key time. Six years ago, Ontario ended the vicious cycle of unfunded liabilities for Ontario's workers' compensation system.

As Minister Fedeli and the Premier often remind us, this enabled the government to reduce the cost of doing business in Ontario, to the tune of $8B per year in the government's estimation.

By lowering premium and redistributing surpluses on an objective basis, Ontario created a more predictable environment that contributed to halting the decline in manufacturing investment seen since the early 2000's.

We now see the rewards of this work in the form of a very strong manufacturing construction numbers, much higher than elsewhere in Canada, and almost at the historic level the U.S. has enjoyed since it implemented the IRA.

But this is a fragile balance. In a time of elevated interest rates and global instability, we do see a slowdown in consumer demand which is impacting the sector.

<u>Now is not the time to create more uncertainty and increase costs, which is why we are concerned with the provisions of Bill 149 creating super-indexing for WSIB premiums.</u>

I will speak more about this in a moment.

But first, I would like to recognize the importance of direct supports to our workforce, which Bill 149 in its entirety represents. I heard comments yesterday that working for workers has to run counter to employer interests.

I disagree.

<u>Working for workers is also working for manufacturing employers, when it is done right.</u>

There is no manufacturing recovery without workers able, willing and happy to go to a physical location and collaborate in real time with colleagues to make the goods we rely on.

It matters for future growth, because there were 18,500 manufacturing job vacancies in Q3 of 2023. We expect as much as many as 18,000 manufacturing workers to retire over the next few years, growing vacancies as the economy recovers.

This calls for an important effort to bring the services, supports and complete communities that support our workers and their families.

After all, there are some many everyday obstacles that can prevent workers from taking advantage of job opportunities. Take for example:

- A single dad working the night shift as a millwright, who is struggling to find daycare options; OR
- A recently graduated auto worker passing on a dream job because she can't get to the assembly plant from where she can afford to live.

Luckily, there are also solutions, as outlined in our latest report titled Manufacturing Ontario's Future. The province must continue to provide targeted support for workers.

As a major association representing manufacturing employers, we support measures from this Bill and previous Working for Workers bills that:

- Removed Canadian experience requirements in the certification of skilled trades and job postings;
- Promoted the availability of life-saving measures like naloxone kits to prevent health issues that may occur in the workplace, and;
- Introduced measures to bring more integrity to the Temporary Help industry.

The key for us is to support workers in ways that creates competitive workplaces, labour market participation, upskilling, general health and safety, and of course, fair compensation and support when injuries do happen.

Which brings me to the provisions amending the Workplace Safety and Insurance Act.

An important area of concern for employers in Bill 149 is the creation of a new Section 52, and corresponding amendments to section 54 and 111.

You have heard from the Ontario Business Coalition yesterday, and we support their submission, which draws form the experience of the most knowledgeable experts Ontario has on the regime.

In short, what these provisions amount to, is modifying WSIB benefits through the back-door.

WSIB benefits are legislated, and it is always legitimate for governments to change them through legislative amendments. But using the indexing formula is problematic on a few fronts:

1) First of all, it ignores that it is employers who fund WSIB benefits. When the system had unfunded liability in previous years, employers paid elevated premiums to pay it back.

2) It accepts and furthers the idea that WSIB premiums are like regular taxation and can be used at the discretion of governments for policy purposes.

   It bears repeating, <u>this is an insurance regime</u>. If it collects more money than it needs to pay benefits, premiums should go down. Doing otherwise only invites more political use of WSIB benefits in the future.

3) It is not a transparent way to support workers – there is nothing in the Bill today that tells us by how much the cost of benefits will increase. We do have statements made at the time of announcing Bill 149, but no guidance in the law on how the authority will be used. Actuarial cost projections should always be considered in a process like this.

4) It undermines the predictable indexing of benefits based on an objective measure, which matters for investment. Previously, we could tell businesses, it will grow at a rate equal to CPI every year. **Now, it's CPI + a question mark.**

5) Finally, and based on my remarks earlier, I think it is the most important point, the government of Ontario is broadly pursuing the right economic policy:
    - It has lowered costs for businesses;
    - Aggressively improved supports for training and upskilling; and
    - It is developing an industrial strategy to tie it all together for the long-term.

As a result,

- manufacturing construction is up;
- large investments are coming to Ontario, and
- we face the better problem of having to manage growth and finding enough workers for the opportunities we have.

Why would we risk any of that?

Thank you.