

The Liversidge e-Letter

An Executive Briefing on Emerging Workplace Safety and Insurance Issues

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An *Electronic Letter* for the Clients of L.A. Liversidge, LL.B.

1 page

“Budget Reforms” & WSIB Premium Rates

Budget Reforms add an immediate \$700 - \$750 million

Worker benefits protected against inflation

Employer premiums do not rise

But, is there a reason for joy in Mudville?

(with acknowledgement to Ernest Thayer, “Casey at Bat”, June 3, 1888)

OK, *summer’s over*. Back to workplace safety and insurance [“WSI”] reality now.

A lot has happened in last several months

A lot has happened over the last few months. The Government’s *Budget Reforms* passed (as if there were any doubt – but there were some amendments) and the *Workplace Safety & Insurance Act* [“WSIA”] has been amended.

The Budget Reforms were implemented absent the usual protests

There were no great protests against the *Budget Reforms* – a feat in itself. In fact, they came in rather quietly as those things go. The Board released new *Budget Reform* policies. So far, no peeps on those either.

Many of the “core indicators” are very positive

The Board announced there will be no increase in the average employer premium rate. The unfunded liability [“UFL”] was down by the end of 2006. The WSIB upped the ante on its safety campaign. The Board’s 2006 Annual Report generally painted a rosy picture.

So, all in all – everything is “fine”

So, all in all, the overall picture seems to be quite a positive one - *don’t worry – be happy*.

But, just as the *Mighty Casey* aroused high expectations and strode to the plate full of confidence before a throng of adoring fans, *a strike out is still possible here*.

In reality, under the surface, the financial integrity of the system is still fragile

In fact, under the surface things are a wee bit fragile. That is not to say the whole thing may come tumbling down like a house of cards. It likely won’t. But, a blustery winter may end up blowing some of the Board’s hold cards to the wind.

Somewhere along the line in this entire process, the type of accountabilities we have come to expect, from government and from the Board, have been diminished. *And, there rests the story for the future – accountability.*

The Budget Reforms diminished accountability principles

Accountability, *an endless demand for it and an earnest commitment to it*, is all the Ontario WSI system needs, *and has*, to keep it on an even keel. We have seen what has happened in the past when financial accountability principles were eroded. As I noted in the June 18, 2007 issue of **The Liversidge e-Letter**, “*Preliminary 2008 WSIB Premiums*”:

In his **January 1996 Discussion Paper**, “*New Directions for Workers’ Compensation Reform*”, the Progressive Conservative Minister Responsible for Workers’ Compensation Reform, the Hon. Cam Jackson, said this, which remains relevant today. In speaking to the enhancements to worker benefits in the late 1980s and early 1990s, Minister Jackson noted:

However, the costs of these improvements were not balanced by measures to guarantee adequate reserves to meet current and future financial obligations. Understandably, expansion and enrichment in the name of improved equity have proved popular. However, governments in the past have chosen not to address the critical but difficult problem of how to finance these benefit changes.

So, let’s hope we are not back to the mind-set recognized by Minister Jackson. If we are, it is not only employer premiums that are at risk – future worker benefits may be placed at risk as well. **Let’s not go “back to the past.”**

The Budget Reforms missed the accountability mark on several fronts

The *Budget Reforms* missed the mark on accountability on several fronts: i) in the reform process adopted (tagging significant WSI reforms to an Ontario Budget, which to my knowledge, is the first and only time this has been done. This omnibus bill approach ill-suits WSI reform); ii) what the reforms actually did versus what they appear to have done; iii) and in the substance of some of the reforms themselves. I will deal with all of these and more in upcoming issues of **The Liversidge e-Letter**.

On Monday: Why the Budget Reform process let down workers and employers alike