

# 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.

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## Chair Mahoney's Consultation Time to get "*Back to Basics*"

### **The Ontario WSIB is in crisis Time to get "*Back to Basics*"**

#### **The Mahoney Consultation will not be a magical panacea**

As readers of *The Liversidge e-Letter* know, I support the recently announced broad-based consultation being spearheaded by WSIB Chair, Steve Mahoney. I don't for a moment expect that the **Mahoney Consultation** will peak with a piercing cry of "*Eureka!*" as all of the system solutions gain instant clarity. *Far from it.*

#### **The "on again, off again" approach to reform must end**

In the short term, I expect there will be no shortage of "magic bullets" offered up from increasing premiums, to reducing benefits, to getting rid of the system altogether.

I have long argued that what is really needed is a vibrant ongoing reform process, one that ends the "*on again, off again*" approach to workplace safety and insurance ["WSI"] reform. For thirty years we have seen this endless cycle - pressures build, the system responds, solutions are developed and implemented, the solutions wear out, and pressures re-build. And, then the cycle repeats.

#### **An enduring reform process is needed**

The best result of this newest dialogue will be this - a *never-ending conversation*. Some may say we are already there - that endless complaints, grievances, gripes and grumbles, is the one certain and resilient legacy of the modern Ontario WSIB. But, actually what I am seeking is an end to this constant moaning from all quarters. I have long argued that the best way to bring the antagonist in from the cold is for the Board to take the lead and "partner up" with all stakeholders. Welcome all sorts of complaints and protests, by all means, so long as the price of admission includes some thoughtful and viable solutions. ***I see the Mahoney Consultation as starting that very process.***

As I have noted over the past several months, the Board is very likely facing an unprecedented fiscal crisis. This is the best time to stand back, take inventory, and seriously consider a "*Back to Basics*" approach.

#### **In 1994 Steve Mahoney said: *Back to the Future***

In April, 1994, then Liberal Labour Critic M.P.P. Steve Mahoney published the results of his extensive outreach exercise. In his ***Back to the Future*** report, he said this:

***This paper is an attempt . . . . to stimulate debate, analyze the problems and propose possible solutions in an attempt to save the troubled Ontario workers' compensation system.***

***These recommendations for WCB reform are not by any means a cure-all or panacea, but we believe that they deserve careful consideration by current or future governments, as an honest attempt to identify short-and long-term solutions.***

***The Ontario Liberal caucus believes that major reform of the workers' compensation system is critical for injured workers, employers and the people of Ontario.***

***As Labour critic, I fully recognize that some will condemn the report. Others may praise it. Ultimately, it is my hope that all will read it.***

Pressing the case for urgent reform, in the 1994 ***Executive Summary***, Mr. Mahoney noted that the unfunded liability ["UFL"] of the Ontario Board is "*estimated at \$11.3 billion and growing at a rate of \$2 million a day.*"

Today, the Ontario WSIB is at a more critical juncture. As I have been reporting over the past many months, from 2006 to 2007, the UFL jumped \$2.1 billion, or an average of ***\$5.7 million per day*** each and every day, seven days a week, throughout 2007. If the predictions for the UFL I set out last Fall are true (i.e., that the UFL is *at least* in the \$11.5 billion range), that would add (at least) *another* whopping \$3.4 billion to the UFL, or ***\$9.3 million each and every day throughout 2008***, 4.6 times the rate of growth in 1994.

***Immediate release of the WSIB financials is an imperative.***

In 1994, Liberal Labour Critic Mahoney suggested that "*reform of the workers' compensation system has been cited as the most pressing issue facing the Ontario workplace*". I suggest that it is more pressing in 2009. Now WSIB Chair Mahoney is embarking on an important and critical exercise. I have said this will not solve all of the problems. But, it may trigger the processes that over time will.

**It is time to get "*Back to Basics*".**