

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

Inside Queen's Park

Interviews WSIB CEO David Marshall

The Liversidge e-Letter with permission and thanks reprints excerpts of an interview appearing in the May 26, 2010 issue of *Inside Queen's Park*. IQP is a "must read" for those seeking up-to-the minute relevant Ontario government relations information, insight and commentary. I wouldn't be without a subscription. To subscribe go to <http://www.gpmurray-research.com>.

Named December 2009 as President & CEO of the Workplace Safety & Insurance Board, David Marshall was formerly Canada's Ambassador to Barbados. He had been Assistant Auditor General and Deputy Receiver General.

IQP: You've talked of "a long-term plan with measurable benchmarks and milestones".

Marshall: I came with a clear mandate from the Minister of Labour to build a sound financial plan, address the unfunded liability, ensure stability for workers and employers, and make the WSIB value-added. This is not a quick fix. The WSIB is a complicated organization. It requires looking at the whole system critically and making some tough decisions. I want us to take control of our agenda here at WSIB. We've got to stop feeling that employers or injured workers or other stakeholders won't let us do what we think is right. We're going to build a strong bond with our stakeholders that's governed by integrity and trust in the system. Employers need to trust us to use their hard-earned money efficiently and injured workers need to trust us to look after them the best way possible – within the limits of legislation. We want the WSIB to be seen as efficient, trusted and responsive.

IQP: In February, you told the Public Accounts committee "the system is not in crisis" while the Auditor General said WSIB's unfunded liability "could threaten future benefits".

Marshall: Let me explain unfunded liability. At WSIB we receive thousands of claims each year from workers who've been injured. Once we adjudicate a claim from an injured worker, it becomes a payment obligation. WSIB pays for medical costs of treatment and rehab, retraining for alternative work and income replacement for lost earnings – to age 65 if necessary. We arrange pensions thereafter and survival benefits for the worker's family. Not all of these cost obligations are due and payable at the outset. As much as 70% or more is paid out over time, up to as much as 30 years after the injury. To be fully funded means having in the bank today the full amount you need to pay out all future claims, less the income you can earn on that money. WSIB in Ontario has had an unfunded liability for over 30 years but never failed to meet its obligations. The system is not in crisis but that doesn't mean it is on a sound footing, either. Today's unfunded liability is a huge drag on Ontario's future productivity, a collective business debt load that's got to be paid off. And the Auditor-General is

perfectly right that the unfunded liability could pose a threat to future benefits.

IQP: Can you get to full funding without both reducing benefits and increasing premiums? Will legislative changes be required?

Marshall: Job One for me has been leading an in-depth investigation with WSIB and MoL officials into how to address this problem. Yes, I do believe we should aim for full funding. Most of the other provinces are at 100% funding or above. Getting there will require pulling every lever. We are looking at prevention and at those things that cost the most to workers and to us: medical costs, employer incentives, return to work training, premium levels, coverage of industries, our investment strategy, the aging of the workforce, occupational diseases, administrative costs, stakeholder consultation and how to get a better dialogue going. After several months of work, I believe we can see how to bring WSIB to full funding in a reasonable amount of time. The plan does not call for reduction in worker benefits. It does call for extensive actions on the part of WSIB and also for an increase in premiums – and yes, I believe it will also need legislative change.

IQP: The number of lost-time injuries has been reduced 80% over the last 20 years yet their average cost has climbed by 50% since 2003, to more than \$24K. Why so much higher in Ontario?

Marshall: There are two very simple reasons why the number of lost-time injuries has gone down while average LTI costs have gone up. Though total injury claims have gone down, the most serious ones and most costly ones have not: head injuries, crush injuries, back injuries. The other is that workers in Ontario are not able to get back to work as quickly as they used to, so they stay on benefits much longer. Ample research shows the best outcome for injured workers is to get healthy and get back to work. We're working on how to help them do that, and think we know a way which will help that issue significantly and bring our costs down. Our administrative costs have been held flat for several years, but it should be appreciated that they represent only a very small fraction of overall costs. I feel good about what we'll accomplish over the next little while.