



**CANADIAN FEDERATION
OF INDEPENDENT BUSINESS.**

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September 2, 2009

Hon. Peter Fonseca
Minister of Labour
400 University Avenue, 14th Floor
Toronto, Ontario
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Dear Minister Fonseca,

On behalf of CFIB's 42,000 small and medium-sized business members in Ontario, I write to you regarding the recent news of the staggering losses - \$3.34 Billion - at the Workplace Safety and Insurance Board (WSIB).

With the Board's Unfunded Liability (UFL) now hovering around \$12 billion (up from \$5.6 billion in 2001), and its plan to retire the UFL by 2014 abandoned, this gross mismanagement threatens to drag the workers' compensation system into financial ruin. This will have grave consequences for the employers who fund the system and the injured workers who rely on it.

Accordingly, CFIB is calling on you to order an independent review of the WSIB.

At a recent meeting with the WSIB, employer representatives tried in vain to obtain information on what the Board was doing to get the system back on track. Unable to produce a plan forward, we are left with one of two possibilities - a) the WSIB has no clue of what to do; or b) they are setting the groundwork for future hikes in employer premiums. Considering the following statement by the WSIB - *"we give fair warning that if the WSIB's economic situation does not improve, we will have to consider introducing premium rate increases in the future"* - the latter appears very likely.

First, the Board's recent presentation to employers revealed that a smaller portion of premiums are being allocated to retire the UFL going forward. Secondly, the WSIB's plans to rein in system costs have continued for years without success; the health care review has been going on since 2003. Thirdly, the WSIB is holding back on premium reductions for employers with good health and safety records; in previous years these businesses would have seen their rates go down. Fourth, if previous statements by the current Chair of the WSIB are anything to go by, the Board has never been serious about doing its part to retire the UFL by 2014:

"...When I arrived in the job, I was aware of a dispute going on in the business community with the date 2014, and I tried to find out what was magic about that date. The only thing that I could find was that it was the 100th birthday of the founding of the compensation system. There didn't appear to be anything else and there didn't appear to be any financial justification for it."

(Hon. Steven Mahoney, February 27, 2007)

It is a shame that the WSIB has chosen to ignore the heroic efforts of employers in the past to get the system back on track. When the plan to retire the UFL by 2014 was developed in 1984, CFIB was one of 19 employer groups who coalesced and ultimately supported a series of premium rate increases over a set period to combat the ballooning UFL at the time. This was no small effort and one that remains high in the minds of employers. By 2001, the strategy worked to reduce the UFL by half to just under \$6 billion. Meanwhile, collaborative efforts also contributed to the reduction of the lost-time injury (LTI) rate by over 60% between 1988 and 2003. To-date, the LTI continues its downward trend. It is therefore all the more devastating for businesses to learn that the WSIB has squandered these efforts.

Moreover, the WSIB has rebuffed our every attempt to work with them to implement measures to make the system more accountable. Efforts to get the WSIB to seriously investigate a “named insured” approach – insuring employees by name, rather than overall payroll – have been ignored. Instead, the WSIB has been more interested in picking the pockets of hard working, law-abiding businesses to make up for their own financial shortcomings.

On that score, we hope that you will also use this opportunity to revisit your decision to impose mandatory WSIB coverage on small firms in construction. Based on what you now know about the WSIB’s finances we trust that you will not allow the Ontario Government to be a party to propping up the mismanaged WSIB on the back of small businesses. It was bad policy when you announced it, and it’s even worse now that public trust in the management of the system has been eroded.

With the same sense of “urgency” that your government took action to address the mismanagement at e-Health Ontario, and more recently at the Ontario Lottery and Gaming Corporation, we trust you will move quickly to initiate an independent review of the WSIB.

Our members await your response.

Sincerely,

Original Signed By:

Satinder Chera
Director of Provincial Affairs, Ontario

Copy: Hon. Dalton McGuinty, Premier of Ontario
Hon. Dwight Duncan, Minister of Finance
Hon. Sandra Pupatello, Minister Responsible for Small Business
Tim Hudak, MPP and Leader of the Official Opposition
Andrea Horwath, MPP and Leader of the Ontario NDP
Hon. Steven Mahoney, Chair of the WSIB