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Mixed industry reaction to Workplace Safety and Insurance Board rate increase

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An announced 2.5 per cent increase in 2013 Workplace Safety and Insurance Board (WSIB) premiums is being met with trepidation from some in the construction industry.

“Our concern is that we don’t want to see a perpetual year over year continual increases without getting to the long-term problem of that board,” said **RESCON’s Jason Ottey chair of the Construction Employers Coalition (CEC)**.

He said employers did have an expectation that there would be a rate increase in 2013 as the unfunded liability is \$14.2 billion.

“That’s our concern that the WSIB will solve their unfunded liability by solely pulling the premium lever and not looking at the other aspects that are equally costly to the board,” said Ottey, acknowledging that the board has done some great work in that regard, but more needs to be done.

The across the board rate increase will enable the WSIB to meet the provincial government’s requirements that the board be 60 per cent funded by 2017, said the WSIB. The WSIB is currently about 50 per cent funded and the target is 100 per cent. Ontario’s labour ministry has established a regulation to get to 100 per cent funding by 2027.

The Council of Ontario Construction Associations (COCA) had warned its members to prepare for a five to 10 per cent rate increase.

“While nobody is ever pleased with an increase in the price of anything, I think the two and a half per cent is well below what we had expected after reviewing Arthurs report,” said COCA president Ian Cunningham.

“There’s the possibility of another increase next year. Or if things go very well, if two and a half is enough to get us to 60 per cent by 2017, then that’s great.”

Fifty per cent of the 2013 premium rate will go to new claims cost for the 2013 injury year; 32 per cent will go to past claims costs, including the UFL; 13 per cent goes to overhead, which includes WSIB administration; and five per cent goes to legislative obligations such as health and safety associations and the Occupational Health and Safety Act.

The Harry Arthurs review, released in the spring, was asked to consider six issues: the WSIB’s unfunded liability, premium rate setting, rate groups, employer incentives, occupational diseases and indexation of benefits for partially disabled workers.

The construction industry called the mandate one-sided and urged the WSIB to look at a more holistic approach.

COCA has made recommendations such as: consideration should be given to transferring oversight of the

WSIB from the Ministry of Labour to the Ministry of Finance which is better equipped to monitor a large complex financial organization such as the WSIB; and further consideration should be given to a waiting period before WSIB benefits kick in, during which time injured workers would continue to be compensated by their employers.

Both the CEC and COCA will continue to work with the WSIB to ensure the construction industry's unique interests are factored into decision making.

One issue that the CEC will be involved with is looking at rate setting with the Douglas Stanley review on rate setting.

Stanley plans to publish a Consultation Paper ahead of formal public consultations to begin in early 2013.

"The issue of prospective versus retrospective rating is an issue that the construction industry will be engaged in," explained Ottey.

"We do know that Arthurs was very critical of experience rating and from an employer standpoint, experience rating is a fundamental tool in the WSIB insurance system. It's our opinion that experience rating needs to stay and needs to be improved."