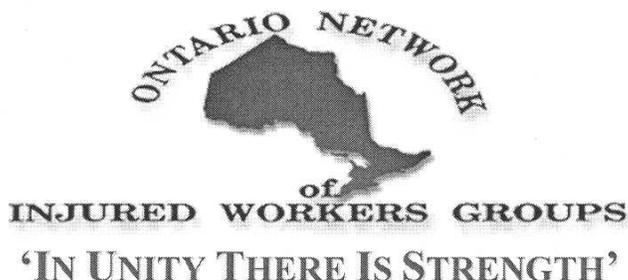


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**IT'S TIME TO ACT
INJURY SHOULD NOT MEAN POVERTY
INJURED WORKERS DEMAND NEW LEGISLATION NOW**

Injured workers are being thrown into poverty. The current workers' compensation legislation, Bill 99, (*Workers' Compensation Reform Act, 1997*, effective 1998) is producing poverty.

The **very least** the government of Dalton McGuinty can do, is to restore full cost of living protection.

THE HISTORY

The Historic Compromise

When the Workers' Compensation system first came into place back in 1915 it was based on what is known as the "historic compromise." Employers would be protected from being sued by injured workers; workers would receive no-fault compensation benefits in a non-adversarial system. Both parties were to be economically protected in the process.

Inflation Protection

When the Workers' Compensation system first came into place back in 1915, inflation was not an issue.

By the 70's and 80's injured workers saw their benefits swallowed up by inflation. Eventually the government responded. The Liberals under David Peterson passed Bill 81 in 1985 with stirring words by the Minister of Labour, Honourable Bill Wrye.

... In future, all claimants will be assured, as a matter of statutory right, of an annual adjustment which takes into account the effects of inflation.

The pain, the loss, the disruption and the disorientation caused to a worker and his or her family by a disabling injury is suffering enough. We should never add to this suffering the indignity of having to come cap in hand to the steps of the Legislature angrily demanding merely the protection of compensation benefits from the annual rate of inflation. From this day forward, injured workers will never again be in that humiliating position.

It passed with all party consent.

THE PROBLEM

While employers are still protected from being sued, workers are being denied or thrown off compensation in an increasingly adversarial system. Welfare, food banks, depression and family breakdown are hallmarks of a system gone wrong.

Loss of Cost of Living Protection is one of the problems

In the 1990's, new economic theories came into fashion which resulted in a reduction of the protection from inflation. The Friedland Formula as it is called currently provides: $\frac{1}{2}$ of the CPI minus 1%.

The application of this formula has resulted in a loss of the value of injured workers benefits over the past 10 years of 20.3%.* This is a significant impact on benefits which are so often significantly below the real needs of the worker and their family.

***For details see page 3 of Winners and Losers in the kit.**

THE PROMISE

In the lead-up to the 2003 election Liberal Party MPPs came to large meetings of injured workers' and said that cost of living would be restored if they won.

In a letter of April 4, 2003 to Wayne Samuelson, president of the Ontario Federation of Labour, Dalton McGuinty wrote:

Injured workers and their dependents should not have to rely on their pensions being topped up by welfare payments. We would want to ensure that injured workers only have to receive one payment. We are also studying an approach to introduce a fair inflation factor to protect worker benefits from inflation.

Nothing has come of it.

THE WINNERS

- **Employers** have received a 24.7% reduction in their assessment rates over the past 10 years.
- Employers have received an additional 2.04 billion dollars in rebates under the “experience rating” formula over the past 10 years.
- **WSIB/WCB employees** earning over \$100,000.00/year have increased by 300% over the past 10 years.
- **WSIB/WCB Assets** \$14 billion and rising.
- **WCB Investment Income** (2004 Annual Report) \$470 million (used to subsidize employer assessments, rather than improve benefits for injured workers.)
- **Private Labour Market Service Providers** – payments of \$155 million (2004 Annual Report).
In contrast workers using the Labour Market Service Providers (workers were put into programmes to help them get jobs) received only \$48 million in income support during the same period of time and 66% were left unemployed at the completion of the programme.

Whose compensation board is it?

THE LOSERS

- Over the past 10 years, the cost of living has risen 23.1%.
- **Injured workers** have received a 2.8% increase in that time.
- The value of their benefits has been reduced in purchasing power by 20.3%

Along with all the cuts introduced through Bill 99 including the lack of cost of living increases, injured workers ask: Can you see me?

THE SOLUTION

At the very least restore full cost of living protection. It's simple. It's viable. It's what fairness demands.

- **Please see in the kit a copy of draft language proposed by the Ontario Network of Injured Workers Groups to restore automatic full cost of living adjustments.** This includes a provision for retroactive payments.

This wording should be passed immediately by the legislature and restore the integrity of the words of Honourable Bill Wrye that injured workers will no longer have to come cap in hand to the steps of the legislature.

Every year of inaction increases the cost of retroactive payments required. This is a real cost. Future protection of benefits is not a real cost and this is well known. In the words of Paul Weiler who produced the most recent comprehensive study of the compensation system (“Reshaping Workers’ Compensation for Ontario”, a report submitted to Robert G. Elgie, Minister of Labour, November, 1980).

“... Once we award an individual disabled worker a certain share of the real economic pie, our refusal to keep the monetary amount of his pension in line with the changing rate of inflation must mean that someone else in the economy will receive a net increase in his share of real goods and services. In effect, someone will reap a windfall profit from inflation at the expense of the disabled worker. In the case of workers’ compensation benefits, the immediate beneficiary of such inaction would be business.” (page 70)

“... But we have been told again and again that Ontario business and the Ontario economy simply cannot afford the cost. This fear is unjustified. The explanation is implicit in the very notion of inflation, which consists of changes in money values, not real values.” (page 70)

Injured workers are fed up with excuses.

There is no legitimate excuse not to provide full cost of living protection.

Now is the time for legislative action to end the indignity and poverty of the present system.