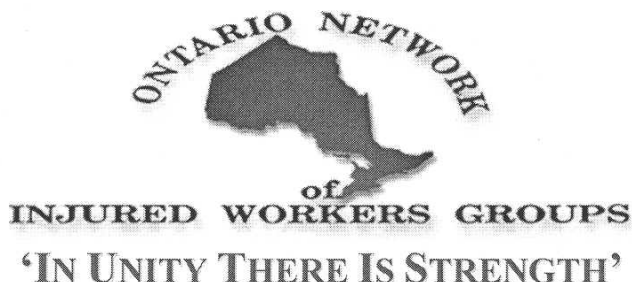


PETER PAGE
President

Steve Mantis
Secretary

Karl Crevar
Treasurer



HEAD OFFICE
310-500 Green Rd.
Stoney Creek, ON.
Canada, L8E 3M6
Tel. (905) 662-7128
Fax (905) 662-9160
E-mail: oniwg@sympatico.ca

THE CASE FOR FULL COST OF LIVING ADJUSTMENTS FOR WORKERS' COMPENSATION

Legal Principles Support It

In "Reshaping Workers' Compensation for Ontario", a report submitted to Robert G. Elgie, Minister of Labour, November, 1980, Law Professor Paul C. Weiler wrote:

"In addressing this issue as a matter of principle, there should be no question about the entitlement of workers' compensation claimants and pensioners to inflation adjustments as a matter of right." (page 69)

"... Once we decide as a community what the appropriate level of compensation for injured workers is to be – in light of all the considerations and complexities I have already set out in this chapter – and 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)

Economic Principles Support It

In "Reshaping Workers' Compensation for Ontario", Professor Weiler explained that inflation is not a "real" cost to the workers' compensation system. He wrote:

"... 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)

It is not a real cost for workers' compensation benefits to keep up with inflation because employer assessments or premiums are not set at a cost per employee but are a percentage of the employer's payroll. The size of employer payrolls increases over time as wages and benefits go up with inflation. Therefore, the total dollars in assessments collected by the Board increases over time, enabling benefits to keep pace with inflation without even changing employer assessment rates.

Over the past ten years of only partial indexation of workers compensation benefits, injured workers have lost more than 20% of their below poverty level incomes while employers have received a windfall benefit of a 25% reduction in what they pay for workers compensation coverage. An analysis of the WSIB figures shows that full cost of living adjustments could have been continued with a less extreme reduction in employer assessment rates.

Justice Requires It

The reason why justice demands full cost of living adjustments was articulated by then Labour Minister Bill Wrye on December 17, 1985 when it first was introduced in legislation:

Honourable Mr. Wrye: On the occasion of the last increase in workers compensation benefits in July 1985, I indicated that it was the intention of this government to undertake an examination of the implications of permanently indexing workers' compensation benefits and, as part of that examination, to consult with the various interested constituencies.

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, injured workers will never again be in that humiliating position.

Since the recommendation by Chief Justice Meredith in 1913 to establish a workers compensation system, the representatives of employers have been forecasting economic doom for Ontario and it has not come to pass:

The scale of compensation which I propose was strongly objected to by the Canadian Manufacturing Association as being unfair to the manufacturer, and as imposing upon him a burden that would handicap him in his competition with the manufacturers of the other Provinces and of other countries, and would tend to divert manufacturing from this Province to other Provinces in which less onerous laws are in force. It was also urged that the scale of compensation is higher than that of any other country. The last objection, if a valid one, means that there can

be no progress beyond the point which has now been reached by the country which has provided the highest scale of compensation, for if the objection is valid as to the proposed legislation it would be an equally valid objection to any increase in the compensation proposed for the country which now provides for the highest scale. ***The question, in my opinion, is not what other countries have done, but what does justice demand should be done. I have no fear that if the bill should become law it will handicap the manufacturers of this Province*** as the Association appears to think that it will, or that it will divert manufacturing from the Province...[emphasis added]

Final Report on Laws relating to the liability of employers to make compensation to their employees for injuries received in the course of their employment which are in force in other countries, and as to how far such laws are found to work satisfactorily.

By The Honourable Sir William Ralph Meredith, C.J.O., Commissioner 1913