

February 21st, 2019

Mr. Michael Werier, Chairperson
Workers Compensation Board of Manitoba
333 Broadway
Winnipeg, MB R2C 4W3

Re: New CFIB Research Highlights Need for Immediate WCB Surplus Rebate

Dear Mr. Werier:

On behalf of the Canadian Federation of Independent Business (CFIB) and our 4,800 small business members in Manitoba, I am writing to urge the Board members of the Workers Compensation Board (WCB) of Manitoba to refund the entire surplus amount (above 130%) back to employers in 2019.

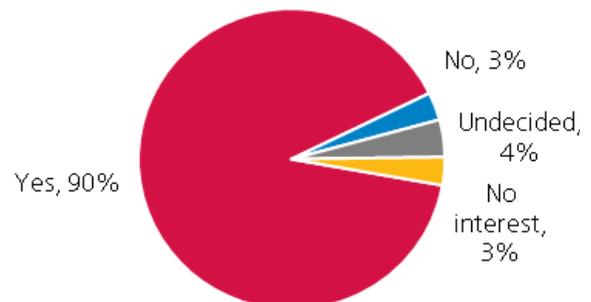
CFIB understands that *the Board is currently reviewing options for the disposition of the accumulated surplus beyond the reserve*, including a distribution which may begin in 2019, *with a goal of reducing the funding ratio toward the 130 per cent policy target*. However, we are concerned that the entire surplus amount would not be distributed back to employers, and any rebates would take place over several years.

While we are pleased that WCB premiums and time lost to claims have both decreased, the surplus remains alarmingly high and should rightly be distributed back to the employers who have funded it. To begin 2018, WCB was funded at 148.8 per cent, representing roughly \$254 million in surplus funding above the current targeted funding ratio of 130 per cent (total assets over total liabilities).

When surveyed, 90 per cent of CFIB members in Manitoba believed that WCB should be required to rebate surplus funds to employers when the Board exceeds its targeted funding position (see Figure 1). CFIB has also heard from thousands of concerned business owners across the province who took time to send signed petitions urging the Board to rebate the entire surplus immediately.

Figure 1:

Should the WCB of Manitoba be required to rebate surplus funds to employers when the Board exceeds its targeted funding position?



Source: CFIB Mandate 264, September 2016, Manitoba results, n = 341.

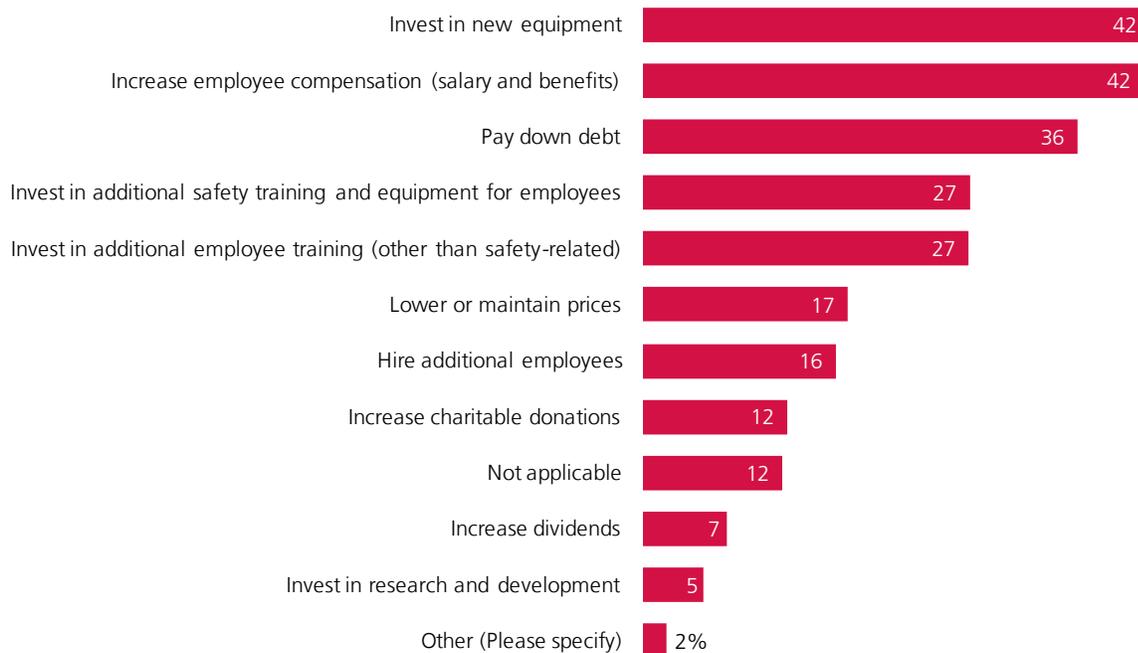
As a result, CFIB has long advocated for an immediate distribution of the entire amount of any WCB surplus beyond the targeted funding ratio. We believe this request is fair and reasonable as employers fund the entire WCB system. And, whether WCB's funding ratio remains at or above 148.8 per cent or falls to any other level still above the targeted funding ratio, employers deserve to receive their full share of all surplus funding so they can invest it to best meet the needs of their business.

While the *WCB 2018 - 2022 Five Year Plan* outlined a possible surplus distribution, it is concerning that the proposed distribution is divided up over four years, and forecasted to return no more than \$48,037,000 back to employers annually from 2019 - 2022. CFIB strongly urges the Board to reconsider this potential distribution plan and instead refund the entire surplus back to employers in 2019.

It is essential that 100 per cent of these surplus funds be distributed back to employers in 2019 not only because it is fair, but also because of the positive benefits it would have for employers, employees and the Manitoba economy as a whole. New research collected in CFIB's *2019-2020 Manitoba Pre-budget Survey* reveals that these surplus funds would be used to increase employee compensation (42%), invest in new equipment (42%), as well as invest in additional safety training and equipment for employees (27%), among others (see Figure 2).

Figure 2:

If the Workers Compensation Board of Manitoba (WCB) decides to provide a surplus rebate to employers, how would our business use these funds? (Select as many as apply)



Source: CFIB 2019-2020 Manitoba Pre-Budget Survey, November 2018, n=274.

Furthermore, it is important to recognize that Manitoba employers are facing increasing cost pressures in 2019. For example, Canada Pension Plan (CPP) premiums started to rise for each of the next five years, and a federally-imposed carbon tax will hit Manitoba's businesses with four years of fuel cost increases in April. New research from CFIB indicates that 86 per cent of small business owners in Manitoba cannot afford a new federal carbon tax on top of the CPP increases. These two increases are in addition to recent changes to passive investment rules that will make it harder for small business owners to save for retirement, economic uncertainty or upgrades to their equipment. It is clear that an immediate surplus rebate would provide needed relief for employers.

I trust you will seriously consider this new research and decide to refund the entire surplus amount back to employers in 2019. I would be pleased to meet with you and other Board members to further discuss our research and recommendations. Please call our office at (204) 982-0817 to set up a suitable meeting time.

Sincerely,

A handwritten signature in black ink that reads "Jonathan Alward". The signature is written in a cursive, flowing style.

Jonathan Alward
Director, Provincial Affairs, Manitoba

Cc: Workers Compensation Board, Board of Directors