

# District Services Board looking at substantial year-end municipal deficit

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ESPANOLA – The Manitoulin-Sudbury District Services Board (DSB) is looking at a year-end municipal deficit of \$302,947, mainly due to changes in the Workers Compensation Plan, and the Ontario government announcement that it is freezing Workplace Safety and Insurance Board (WSIB) rate increases for the non-profit sector is not going to help solve this problem.

“We are predicting a year-end municipal deficit of \$302,947 for the DSB 2019 second quarter,” said Fern Dominelli, CAO of the DSB, after a regular DSB board meeting last week. He pointed out the deficit includes Ontario Works forecasted to be under budget by \$19,200, social housing forecasted to under budget by \$220,003, paramedic services to be over budget by \$630,893. Children’s Services is forecast to be on budget. As well, interest revenues on non-reserve accounts is forecasted to be a \$88,743 surplus over budget.

“We are predicting the deficit for the municipal part of the budget mainly because of Workers Compensation and what is called the NEER program (new experimental experience rating),” said Mr. Dominelli. “Currently under WSIB we pay a premium of between \$400,000-500,000 and in addition to this, starting in January 2020 we have to pay the new premium which combines the old premium plus the NEER and we estimate this will total about \$1.2 million. We also have to make the final NEER payment for 2019 in 2020.”

“So under the new system we will be hit with a double whammy for 2019,” said Mr. Dominelli. “And on top of that next September we have to pay nearly \$1.2 million in advance for 2020 and the 2019 bill as well. It’s obviously a real concern, and is all tied to Workers Compensation.”

Mr. Dominelli pointed out the province has announced that workplace insurance rate increases will be frozen for all non-profits in Ontario which Monte McNaughton, Minister of Labour, announced on September 25. The move comes after the Ontario government stepped in and worked with the WSIB to halt planned increases.

Without a freeze, nearly 2,700 non-profits including daycares, legions, charities, women's shelters and others would have faced increases in their workplace safety insurance premiums.

However, under the new framework announced by the province on September 25, their rates will be frozen for five years. A further 1,600 will see their rates go down. Those rate decreases will go ahead as planned in January 2020.

The freeze was announced on the same day the WSIB introduced its new Premium Rate Framework. The change will result in a 17 percent reduction on the WSIB's average premium rate.

Approximately three quarters of employers paying WSIB premiums will see a rate decrease under the new system.

"The province is freezing WSIB only for non-profits, not municipalities," said Mr. Dominelli. "This will be a huge hit for some municipalities." He explained the DSB has a reserve set up just over \$500,000 for benefits, but the increases they face will wipe out the reserves.