

Backgrounder
Changes to Workers Compensation in British Columbia

The Workers' Compensation Board just posted a \$287 million deficit for last year and costs have risen by a whopping 14%. Now more than ever, fundamental reform must occur at the Workers' Compensation Board (WCB). British Columbia is currently the only province in Canada that has seen its WCB costs escalate so dramatically. Today's changes will start to bring our province's WCB benefits system in line with other provinces across Canada.

The need for change

The Coalition of BC Businesses has consistently spoken out for a clean-up of the WCB. Costs have reached record levels and employers and employees alike are complaining about deteriorating service. The facts point to a compelling need to change:

- Operating costs have jumped over \$20 million dollars or 7.7% since last year.
- Even though the injury rate has been declining in recent years (33% over the past decade), employer premiums increased \$43 million (5%) in 2001.
- Long-term disability costs have increased \$89 million or 13.6% over 2000.
- For the first three months of 2002, the WCB has recorded an operating loss of \$111 million.
- The average duration of claims has gone from 32.8 days in 1990 to 50.8 days in 2002.

Fair Benefits — An end to over-compensation

The WCB has been paying some injured workers higher benefits than when they're healthy and on the job. This is wrong and the government is stopping this practice.

The "stacking" of benefits compounds the over-compensation problem. A worker on WCB may also receive a Canada Pension Plan disability pension. Workers may also be double-paid for Statutory Holidays — both the WCB and the employer pay the worker. This creates further disincentives for return to work. A single worker earning \$40,000 and who is off for one year would make 31% more on WCB and CPP than he would working.

Workers' compensation benefits are insurance benefits that are paid to workers who experience a work-caused injury or disease. By paying injured workers 90 percent of their net earnings, BC's benefit structure still remains one of the most generous systems in the country.

The government has acted to end the practice of WCB over-compensation. The government has heard the Coalition of BC Businesses' call to return the WCB to its original purpose of preventing injury and compensating fairly for work-caused injury and disease.

Chronic Stress

The government has done the right thing by determining that WCB compensation for chronic stress claims is impractical. Stress has become a widespread societal problem, but it is not within the control of, nor the responsibility of, an employer. The Coalition of BC Businesses has long held the view that stress should therefore not be at the cost of the employer. There is no fair, reliable or objective method of establishing entitlement for stress due to the variety of factors at play, such as poor definitions of what constitutes stress, multiple causes of chronic stress, and different reactions among individuals to stress. Those who advocated compensation for stress ignore the increased potential for over-compensation, WCB fraud and inappropriate claims.

Governance

The Board of Governors at the WCB has been in limbo since 1995. While the Coalition applauds the government for acting to provide new focus to the WCB Board of Governors, we are disappointed that it failed to provide representation to recognize two very distinct components of the employer community. Employers from major industry (and primary and secondary industry) and employers from small business and the service industries are two distinct groups with significantly different needs in the area of workers' compensation. Both deserve representation on the WCB's governing body. We also question why organized labour, which directly represents only 38% BC workers, has not been joined on the board by someone who speaks for the remaining 62% of the workforce who are non-union.

More work to be done

The government has taken an important step towards ensuring the long-term viability of the Workers' Compensation Board, but further changes are still required. They include an overhaul of the appeal system, a review of the occupational health and safety regulations to name a few. The Coalition of BC Businesses will continue to advocate for these and the many other changes needed to put WCB on a sound footing.

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