



Statutory Review Report – Failure To Find Balance

--FOR IMMEDIATE RELEASE

June 23, 2006, St. John's, NL –The Statutory Review Committee Report on Workers' Compensation fails to find balance, and instead attempts to respond to demands of the parties without considering the long-term impact on the system which is still in financial crisis. That is the position of the Newfoundland and Labrador Employers' Council, the lead advocacy group on workers' compensation in the province.

Many of the recommendations would, again, marginally improve the financial picture at the Commission by downloading onerous administration and cost burdens to employers. The review in 2001 saw the most dramatic increases in workplace requirements in the history of this province. Employers were required to spend millions of dollars in mandatory training, internal monitoring, and management of return to work initiatives. Many employers and the Commission have not yet been able to fully comply with those changes. Denis Mahoney, Chairperson of Council commented, "This report requires new committees for return to work that must be separate from the existing ones, and mandatory training for those members as well. Many employers have not been able to bear the financial and resource burden of establishing, training, and effectively operating the OHS committees that were made mandatory in the last review. This additional layering of committees on the workplace will cost millions more to implement and further task employer resources. No other province in this country has mandatory Return-To-Work committees let alone mandatory training for them. Such a change would push the legislative requirements for workplaces in this province well beyond what other provinces consider reasonable."

The Statutory Review Committee also recommended coverage be expanded to groups of workers that are not covered in other provinces in Canada, a change that would nearly double the number of individual employers affected, and thus cause administrative costs and workload at the Commission to soar. Other costly recommendations include removing limits on coverage based on pre-existing non-work related conditions. Mahoney continued, "If implemented, the recommendations of the Review Committee will cause huge increases in costs in a system that is already the most expensive in Canada but still can't fund itself to the current level of benefit provided. The Committee appears to be gambling on future successes in the system to pay for their recommendations. This is a dangerous strategy given the roller coaster history of Workers' Compensation in this Province."

It is doubtful whether it would be physically possible to implement many of the recommendations. The Commission is struggling to service current demands and implement the changes made in the last review. The web-based strategy and revised case management model are not complete; the second part of PRIME is due for implementation on January 1, 2007 and neither the Commission nor employers will be ready for that. Commission staff are being stretched to the limit, and the Commission is unable to meet their targets on these initiatives despite having the highest administration costs in the Country. Mahoney concluded, "The Committee has attempted to find a balance by examining what interest groups want in the short-term without knowing where the money will come from to pay for them."

The Newfoundland and Labrador Employers' Council is the lead business advocacy group on issues of Workers' Compensation.

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BACKGROUNDER

INTERPROVINCIAL COMPARISON OF WORKERS' BENEFITS & COSTS

Source: Association of Workers' Compensation Boards of Canada (December 2005)

Worker Benefit	NL	NS	PEI	NB
Maximum Compensable Earnings	\$47,245	\$45,100	\$43,300	\$51,900
Percentage benefits are based on	80% of net earnings	75% of net earnings	80% of net earnings	85% of net earnings
Percentage of Workforce Covered	97%	71.3%	91%	96%
Waiting Period for Benefits?	No	Yes	Yes	Yes

OTHER WORKERS' COMPENSATION STATISTICAL INDICATORS

Source: Association of Workers' Compensation Boards of Canada (December 2005)

Unfunded Liability:

Unfunded liability stands at \$115 million

(Unfunded liability is that portion of benefits owing to current and future workers not yet funded.)

PERCENTAGE DIFFERENCE IN THE AVERAGE COMPETITIVE ASSESSMENT RATES COMPARED WITH OTHER ATLANTIC PROVINCES

Source: WHSCC

2001 – NL 51% higher than other Atlantic Provinces

2002 – NL 45% higher than other Atlantic Provinces

2003 – NL 38% higher than other Atlantic Provinces

2004 – NL 36% higher than other Atlantic Provinces

2006 – NL 16% higher than other Atlantic Provinces

Difference unavailable for 2005. With the exception of 2006, gains have been made as a result of increasing assessment rates in other Atlantic Provinces.