

Employers' Council Implores Workers' Compensation Statutory Review Committee To Act Responsibly *--FOR RELEASE AT 3:20 P.M.*

January 30, 2006, St. John's, NL – The Newfoundland and Labrador Employers' Council sent a strong message to the Statutory Review Committee on Workers' Compensation today. The Employers' Council implored the Committee to recommend what is responsible, and best for the system as a whole and not to bend to the public political lobby as has happened in the past. If the Committee examines the system as a whole in 2006, the direction will become obvious.

The Statutory Review on Workers' Compensation is held every five years. Its history has been one of the Committee bending to a political lobby and making recommendations that has caused a rollercoaster ride for both workers and employers. Shortsighted recommendations at past reviews have led to increases in benefits, followed by uncontrollable increases in cost, in turn leading to the next Review Committee cutting benefits in an effort to try and bring the system under control. Denis Mahoney, Chair of the Employers' Council implored the Committee to stay away from this past practice, "This Statutory Review process is wrapped with lobbying and political pressure, a process more akin to negotiation or bartering than what is truly in the best interests of the system as a whole. This pendulum swinging every five years is killing the long-term stability and integrity of the system. Stop the rollercoaster and do what is best for the system."

Employers in the province are nervous that the committee may attempt to recommend improvements to the system, through a shifting of responsibilities and therefore costs from the Commission to employers as was done in the last review process. Mahoney continued, "On top of paying average assessments rates for the last five years that were 16% to 52% higher than the Atlantic Canadian average, employers have had to absorb another layer of costs amounting to tens of millions of dollars to comply with new Occupational Health and Safety and Return-to-Work legislation. It is irresponsible to fix the problems in the system simply by transferring the problem and the cost elsewhere."

Council recommended that when the Committee takes a global view of the system it will become obvious what the direction needs to be. Worker benefits are comparable and competitive with the rest of Atlantic Canada, approximately 97% of claims are accepted at the Commission, employers pay 16% higher average assessment rates than the Atlantic Canadian average on top of the tens of millions in additional costs since the last Statutory Review, and the unfunded liability at the Commission stands at \$115 M. Mahoney concluded, "Everyone, both workers and employers, deserve a statutory review process that will make responsible recommendations that will help create the stable and competitive system that everyone in this province deserves. We have the most challenged Workers' Compensation system in the country. We need the most aggressive and responsible Workers' Compensation system in this country!"

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

-30-

Media Contact: Nicole Scaplen, 689-6989 (c), 368-6573 (w), or nscaplen@nlec.nf.ca.

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)

Claim Duration:

Newfoundland and Labrador has the second highest duration in Canada at 102 days.
The Canadian average is at 72 days (excluding Ontario whose statistics were unavailable).

Workplace Incident Rate:

Since 2001 the incident rate dropped by 26.7%
Currently this province sits **below the Canadian average when it comes to incident rate.**
The total number of claims has also decreased by 25% since 2001.

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.