

SUBMISSION

regarding

THE PROPOSED AMENDMENTS TO THE WORKERS' COMPENSATION ACT, 2002 CONTAINED IN BILL 49

TO THE PANEL OF ADMINISTRATORS POLICY AND REGULATION DEVELOPMENT BUREAU OF THE WORKERS' COMPENSATION BOARD

Dated:

May 30, 2002

The Pulp, Paper and Woodworkers of Canada (P.P.W.C.) represents 5,200 members in the province of B.C. The majority of them working in industries such as pulp and paper mills, sawmills, re-manufacturing lumber mills, plywood mills, packaging and plastic manufacturing plants.

The proposed changes under Bill 49 will take away or reduce benefits from our members who are first applying for WCB benefits when they get injured from a work related injury or disease. We see no increase in benefits or positive changes for the workers of BC in the changes being introduced under Bill 49.

The employers of BC have seen their WCB assessment cost come down all the time the Workers' Compensation Board were seeing huge increases in the accident fund on its investments up until 2001. Since that time the stock market and the Workers' Compensation Board's investment portfolio has been losing money and is not sustainable in providing the accident fund to cover benefits. The Workers' Compensation Board by running a deficit now the surplus has gone, will find itself by 2005 in a \$900 million unfunded liability situation when paying out pensions and benefits.

At the Workers' Compensation Board rate review meeting last year, the employer groups of BC made it perfectly clear that they were not prepared to have their assessments increased. The proposed amendments to the Workers' Compensation Act under Bill 49 being introduced by June 30, 2002, will cut cost without increasing assessments to the employer groups, rather the burden of the shortfall in funding being paid by reducing benefits to injured workers.

The surplus built up over the past years, should not have been given back to the employers, but should have been wisely invested to average out the fluctuations of speculative investments made by the Workers' Compensation Board in the stock market.

In our submission we will cover the issues being introduced under Bill 49:

- (a) Average earnings
- (b) Compensation rate and calculation of average earnings
- (c) Permanent Disability Awards
- (d) Consideration of Canada Pension Plan disability awards
- (e) Retirement benefits
- (f) Inflation adjustments
- (g) Mental stress.

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BENEFITS

10% Wage Loss Reduction

An example of how this is going to affect one of our members who is disabled and who would normally earn a gross monthly wage of \$4,000 and whose take home pay is \$3,000 net (less EI, CPP, income tax deductions), is that the Workers' Compensation Board will now calculate wage loss earnings based on the net earnings and not 75% of gross earnings.

An additional 10% will be taken off the net pay leaving \$2,700 – a \$300 reduction in benefits.

Deduction of CPP Disability Benefits

Calculation under the present system of Workers' Compensation Board benefits is based on gross average earnings and in this case \$4,000 per month multiplied by 75%, would give the injured member \$3,000 a month tax-free.

Under the new benefit structure, workers who are totally disabled and qualify for WCB and CPP disability benefits will have the employer's portion of 50% taken off from the WCB Loss of Earnings Pension.

If we use the same \$4,000 figure for gross earnings, a further \$478 a month (the present maximum CPP benefits are \$956 that is taxable) will be deducted from the net amount less the 10% --- \$2,700 minus \$478 Employer's CPP portion, bringing the pension down to \$2,222 a month.

The difference between the two is a total shortfall of \$778 a month, meaning almost 1/3 of WCB loss of earnings pension is clawed back under Bill 49.

Reduced Average Earnings

Under Bill 49 the average earnings will be based on one year's earnings only. The present policy allows the Workers' Compensation Board the discretion to use a 3-year average, or under exceptional circumstances, a 5-year average.

Many of our members have been faced with down time due to market curtailments in the forest industry. For some of our members there will be very little earnings to calculate the wage rate for temporary, permanent, and rehabilitation benefits paid under the claim. This will have a devastating affect on the wage benefits received and is based on actual income earned in a year, as EI benefits are only factored into the total income under exceptional circumstances.

Cost of Living Adjustments

Under Bill 49, cost of living adjustments will only occur on an annual basis compared with the present policy of twice a year to a maximum of 4% a year regardless of actual inflation rates being higher, allowing benefits for wage loss and pensions to be further eroded.

Pensions after 65

For most workers on WCB pension after 65 will have their pension given as a lump sum rather than an indexed pension under the present policy, a further reduction in pension benefits over the life of the worker.

Loss of Earnings Pensions

The present policy allows for a dual system for awarding pensions using a functional award or a loss of earnings, using the greater amount in awarding the pension. In a lot of cases the loss of earnings is greater than the functional

award. Under Bill 49, loss of earnings will only be paid if the injury on the worker is “so exceptional” that the basic pension would be inappropriate.

For our members who suffers from chronic pain syndrome from a work injury and cannot return to the old job, they could find they will only be able to collect the functional award which is a usually a low percentage of total disability.

Psychological Injuries

Many so-called mental stress claims that have been accepted by the WCB will be excluded under Bill 49 unless they are caused by a physical injury or traumatic event while at work.

Mental stress brought on by work related incidents is the fastest growing disability occurring in the workplace today.

If the workplace environment caused the non-traumatic psychological injury, it should be covered under the Workers’ Compensation Act.

CONCLUSION

We feel that the proposed changes under Bill 49 will have the effect of putting many injured workers onto other provincial and federal government agencies for funding their very existence. This in turn will be paid by the taxpayers of this Province instead of the employers who are ultimately responsible for occupational accidents and disease in the first place.

We would also like to comment that we are stakeholders and should be given more time to prepare and have input, in any changes being made to the Workers’ Compensation Act or policies. Notification of the Amendment Act 2002 was introduced on May 13, 2002 with submissions to be in by May 30, 2002.

We hope we will have more time to present our position at public hearings and submissions for the rest of the changes in the Workers’ Compensation Act and Workers’ Compensation Board policy, proposed in the Core Review.