



6 October 2016

Hon. Donald Arseneault
Minister, Department of Post-Secondary Education, Training and Labour
Chestnut Complex
P. O. Box 6000
Fredericton, NB
E3B 5H1

Dear Minister Arseneault:

Re: Increases to WorkSafe New Brunswick's 2017 Average Assessment Rate

We are writing today to express our concern with WorkSafe New Brunswick's announcement this week that the average assessment rate for New Brunswick employers in 2017 will increase from \$1.11 per \$100 of payroll to \$1.48 per \$100 of payroll. This 33% increase will have an immediate and significant impact on New Brunswick's employers and economy. Businesses are struggling for survival in New Brunswick. In the past year they have seen increases in personal income tax, minimum wage, HST and corporate tax. Now they are facing a massive increase in worker's compensation premiums in 2017, a carbon tax in 2018 and a hike in the Canada Pension Plan in 2019 - at a minimum.

WorkSafeNB's October 4, 2016 news release states: "Recent benefit policy changes and a declining funding position were major factors in the board's decision to increase the average assessment rate for 2017." It is our understanding that "recent benefit policy changes" refers to policies that were inconsistent with current legislation struck down by the Worker's Compensation Appeals Tribunal. We ask that your office look into the specifics of these changes and determine if a legislation amendment is more appropriate than a policy change.

We are particularly concerned with WorkSafe's 'declining funding position' as the release states that "Increasing claim costs, **mainly as a result of changes to benefit policies coupled with a slight increase in accident frequency**, have lead to a reduction in WorkSafeNB's funding position." The release fails to mention that the organization saw a \$16,717,000 loss on investments rather than the \$21,382,000 budgeted gain in the *first quarter of 2016* - a \$38,099,000 difference. This same financial statement shows that the organization was under budget for its claims costs and its administrative costs.

We understand that a \$0.01 increase in the average assessment rate equates to approximately \$900,000 of revenue, meaning the 2017 increase will net \$33,300,000 - matching WorkSafe's \$33,980,000 investment-based shortfall expected in Q1. We are concerned that Q2, Q3, and Q4 will produce similar results, further skyrocketing costs for business in 2018. This, of course, does not include potential cost increases that would be caused by recommended changes to section 38 of the



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Worker's Compensation Act by the WorkSafeNB Board of Directors, such as reducing the three-day waiting period for benefits.

New Brunswick will only get out of its precarious financial position through economic growth. Unfortunately, this will not be possible without assistance from the government at controlling costs beyond employers' control.

We are also members of the Coalition of New Brunswick Employers, who are currently seeking a meeting with you to discuss this issue further. We look forward to continuing the dialogue on this matter.

Yours truly,

Paul Simmonds
Robert Simmonds Clothing
President, Fredericton Chamber of Commerce

Krista Ross, CEO
Fredericton Chamber of Commerce

cc: Gerard Adams, President and CEO, WorkSafeNB
cc: Chair, Coalition of New Brunswick Employers