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— The Voice of Business —

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WorkSafeNB
1 Portland St
Saint John, NB E2L 3X9

Re: WorkSafeNB Consultations: Maximum Insurable Earnings and Benefits & Entitlements

Thank you for your continued outreach and communication regarding potential changes to the worker's compensation system in New Brunswick. Maximum insurable earnings and the percentage of loss and earnings paid are key components of setting benefit entitlements and the resulting effects on assessments rates. After the 2015 legislative changes implemented by the Government of New Brunswick resulted in unexpected skyrocketing assessment rates, we have been pleased to see the increased external communications by WorkSafeNB and a more cautious approach to reforms.

Overall, our organization is concerned with the timing of proposals to increase benefits that will lead to higher assessment rates. Many businesses are just beginning to recover from the effects of the pandemic and any increased financial burden will mitigate gains in economic growth. It is this growth and the revenue generated by the private sector that funds the government in its entirety and worker's compensation specifically.

Changes to an important system like worker's compensation do not happen in vacuum; it is important to examine the broader picture when considering the effects on employers. Parallel to these proposed changes to WorkSafeNB are a broken supply chain, a workforce crisis, the remnants of COVID-19 government support programs and the proposed expansion of the Employment Insurance system by the federal government – amongst other challenges for businesses.

Of course, these pressures are in addition to the negative impacts to businesses that an inflation rate at a nearly 40-year high is currently producing. This means that employers are seeing costs rise from multiple directions – the costs of goods is increasing and they are paying more to employees, which in addition to the straight cost of wages, also increases payments for payroll remittances such as WorkSafeNB.

Furthermore, at a time when Maritime provinces are working on several fronts to align economic and social policy, New Brunswick should not look to actively become out-of-step with the other jurisdictions.



The timing is further complicated because over the course of the pandemic, the issue of workforce availability has moved from a major concern to a full-blown crisis. In our opinion, coupled with any proposed increases to benefits/assessments should be enhanced return-to-work policies and procedures. WorkSafeNB research has clearly demonstrated that returning to work is best for employee recovery and is critical for keeping the system sustainable and functional.

In her 2018/2019 report, New Brunswick's Auditor General found that a 'return to work' goal was not embedded in WorkSafeNB's processes, which has been identified not only as a major driver of costs, but also a hinderance to worker recovery – the sooner the employee can return to work, the better their health outcomes are, WorkSafe has previously reported.

Effective and efficient return-to-work processes and procedures are important to eliminating fraudulent claims and the lack of enforcement of these rules distorts data, erodes trust in the system and is a disservice to employers and employees alike. Abuse of the system and the perception of an inability or unwillingness to enforce conditions of benefits is cause for additional concern regarding increasing benefits.

For most employers, their employees are like an extended family, and they want them to be taken care of when they need it. We understand that at times benefits can be harder to get for those that deserve it. Unfortunately, without a proper enforcement regime that allows abuse of the system, abusers will get too much and those that need it most may get too little. However, we cannot simply build those abuses into the system and set benefits at such a level to overcompensate for dishonest actors within the worker's compensation system and act as a disincentive to return to work.

In summary, now is not the right time to increase benefits for New Brunswick's worker's compensation system:

- Benefits are currently on par with other Maritime provinces
- Many employers are only now beginning to recover from the economic effects of the pandemic
- Many other cost pressures are being felt by businesses simultaneously – at a time when they are least able to absorb these new costs.
- Increasing benefits should be coupled with enhanced enforcement and transparency of claims

One of the fundamental issues with the current worker's compensation regime in New Brunswick is the lack of communication between the various parties. Other provinces have figured out ways to respect privacy rights while providing a more transparent system that results in employees getting healthy and returning to work sooner – what every wants. We can't reasonably hope to improve our return-to-work



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rates (or the system itself) without better communication between employers, injured workers, medical practitioners and WorkSafeNB. A system built on integrity will provide a foundation of sustainability.

Recommendations:

1. Delay implementing increased benefits until businesses in all sectors are able to sufficiently recover from the economic effects of the pandemic.
2. Enhance return-to-work policies and procedures.
3. Increase transparency in medical direction given to injured employees by having physicians and other medical practitioners play a more active role the process.
4. Avoid a one-size-fits-all approach and examine opportunities to provide a more balanced and representative system.
 - a. Ex: Increase maximum insurable earnings for the purpose of calculating benefits for more severe injuries
 - b. Ex: Calculate an employer's assessment at a more granular level – by employee occupation rather than sector type.
5. The Government of New Brunswick should join the WorkSafeNB pool of employers to improve sustainability.