



**CANADIAN FEDERATION  
OF INDEPENDENT BUSINESS**

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# Workers' Compensation in NL

*Presentation to the Statutory Review  
Committee*

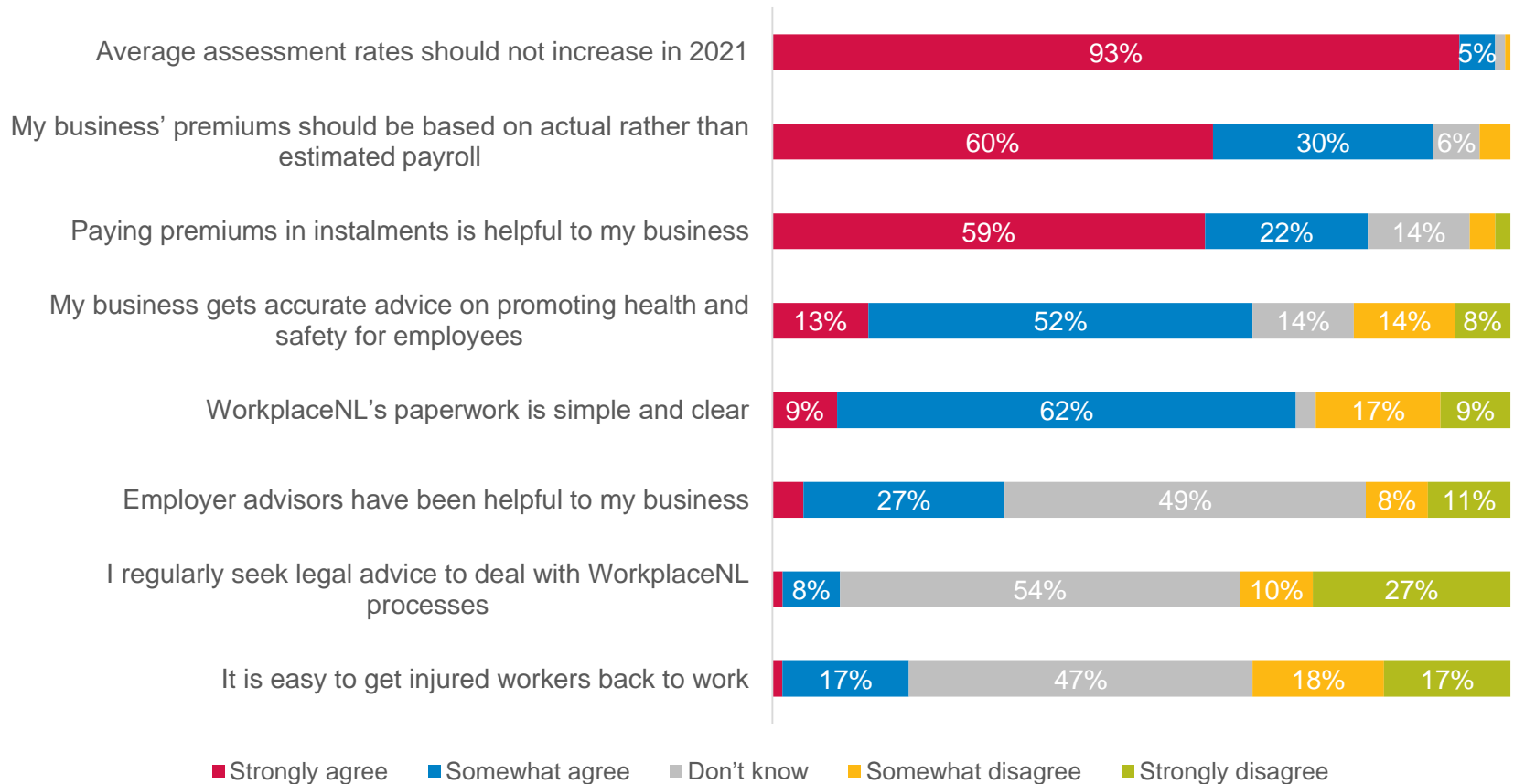
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# About CFIB

- Represents 2,000 small- and medium-sized business owners in NL
- Membership is 100% voluntary
- Represents all sectors, all regions of the province
- Non-partisan, not-for-profit organization

# Workers' compensation red tape



Source: CFIB; Newfoundland and Labrador Workers' Compensation Survey; September 22-30, 2020; 157 responses.

# Workers' compensation red tape

- Estimating payroll in advance is difficult and affects cash flow
- Early and safe return to work not as easy as it seems
- Advice from staff can be inconsistent
  - *Occupational health and safety rules can be confusing*
- Sometimes a business owner should consult lawyer, otherwise issues can be exacerbated

# Workplace Health, Safety and Compensation Review Division

- A time-consuming process (almost two years)
  - *WorkplaceNL review – one year*
  - *Internal review – two months*
  - *External review – six to eight months*
- Potentially costly process as well
  - *Could mean thousands of dollars if deemed to be non-cooperative, which also affects PRIME rebate*
  - *Non-cooperative is different for employee and employer*

# Can WHSCRD operate similar to the legal system?

- Decisions are made on policies and legislation
  - *Employers may not have experience with all policies and legislation*
  - *Small business owners, in particular, may not have the time to dedicate to proper preparation for a hearing*
  - *Not all information may be available to employers in timely manner, whether from the employee, the doctor, or WorkplaceNL*
- Formal hearings are held as normal part of the process
  - *However, decisions are not necessarily made on information provided at the hearing, but reliance upon case notes, which may be incomplete*
  - *Decisions are made public on WHSCRD website*

# Observations

- **System is more affordable in recent years**
  - *Average assessment rate is \$1.90 per \$100 of assessable payroll; temporary discount of \$0.21 per \$100 of assessable payroll*
  - *Estimated cost to SME sector: \$58 million (2020 - based on \$1.69 per \$100 assessable payroll)*
- **WorkplaceNL not truly independent**
  - *Different policy decision-making process (provincial government for workers, WorkplaceNL Board of Directors for employers)*
- **Red tape in the workers' compensation system exists**
  - *Some related to service provided by WorkplaceNL staff*
- **Workplace Health, Safety and Compensation Review Division processes need reform**
  - *Internal review process is ineffective from employer perspective*
  - *Substantial backlog in the process*

# Recommendations

- **Average assessment rates must not increase in 2021**
  - *Temporary discount should remain (estimated \$7 million for SMEs)*
- **WorkplaceNL should be fully independent or subject to government oversight**
  - *Policy decision-making processes should not be different for employers and workers*
- **Implement training for all staff to ensure consistent information is provided**
- **Create an office of employer advisor (e.g. Nova Scotia)**
  - *Employer advisors would help with advocacy within the workers' compensation system, provide legal representation (for a fee), etc.*
- **Make the WHSCRD process similar to the legal system**
  - *Time would be reduced through negotiations so formal hearings could potentially be avoided*
  - *Internal review could be removed (providing for shorter process time)*



# Small business owner comments

*“Getting people back to work can be a struggle - we don't want them back if they're going to aggravate the injury, but it seems their GP can simply take them off without much effort to determine modified duties.” –Hospitality sector*

*“The process has gotten easier. However, still a paperwork burden and the discretion of officers lack consistency in their interpretation of a mandate/regulation and the intent as set by the department.” –Hospitality sector*

*I have a restaurant that has a fish buyers license. I don't think its fair that I have to pay for the insurance of a fisherman so I can buy fish from him. –Hospitality sector*

*It's too easy for someone to drag their claim on for a long time without sufficient evidence. –Retail sector*

# Small business owner comments

*The process of estimating payroll is needless and time-consuming. These premiums should be paid on a remittance basis that is based on actual payroll. This would make much more sense and would be less burdensome on employers. –Professional services sector*

*Completing the early and safe return to work paperwork biweekly when my employee has been back full time for months is ridiculous. Just because he can't close the claim because he's waiting for see a surgeon for a year means I'm completing paperwork for nothing as far as I'm concerned. I'm one person who is general manager, A/P manager, A/R manager, H/R manager, inventory control for manager who is busy enough trying to survive in business, adding 1/2 hours worth of useless paperwork for WHSCC when I'm paying this employee and they are not is infuriating to say the least. –Retail sector*

# Cost to SME sector

Size of business	2020 Avg Annual Assessable Payroll (per employee)	2020 Current Annual costs (per employee)	2021 POTENTIAL Annual costs (per employee)	2019 NL Employment numbers, by biz size	Increase if temporary discount eliminated
<b>0-4</b>	\$32,046	\$541.57	\$608.87	13,722	\$923,416
<b>5-19</b>	\$31,674	\$535.30	\$601.81	28,667	\$1,906,838
<b>20-49</b>	\$31,448	\$531.47	\$597.51	21,531	\$1,421,939
<b>50-99</b>	\$34,176	\$577.58	\$649.35	15,416	\$1,106,366
<b>100+</b>	\$28,406	\$480.06	\$539.71	29,725	\$1,773,146
<b>Total</b>	<b>\$31,550</b>	<b>\$2,665.97</b>	<b>\$2,997.25</b>	<b>109,061</b>	<b>\$7,131,707</b>

Source: CFIB; Newfoundland and Labrador Workers' Compensation Survey; September 22-30, 2020 (0-4 employees - 16; 5-19 employees - 50; 20-49 employees - 13; 50-99 employees - 7; 100+ employees - 6); and CANSIM Table 14-10-0214-01; Employment for all employees by enterprise size; accessed October 2, 2020.

Thank you for this opportunity.

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