



BACKGROUND

EROSIONS TO WORKERS' COMPENSATION IN BC SINCE 2002

Legislative amendments in 2002 tip the balance

In July 2002, the BC government amended legislation governing WCB. The changes compromised the fairness of the publicly administered system and tipped the balance of the system against workers.

Cuts to safety regulations made workplaces more dangerous

Reductions in safety regulations have made workplaces more dangerous. In 2000, 156 workplace fatalities were accepted. In 2005, that rose to 188.

In BC, an average of 3 workers die every week, more than 3,000 workplace injuries are reported every week, and 18 workers are permanently disabled every working day.

Increased enforcement and prevention activities mean safer workplaces

In 2006, workplace inspections were up by 28.4 per cent, and as a result, the number of workplace fatalities accepted by the WCB decreased by 15 per cent.

Young workers are particularly vulnerable

In BC, young worker deaths and serious injuries have been increasing. In 2006, 12 young workers died on the job. The injury rate for young workers is more than twice that of the overall population.

World-class services have been shut down and contracted out

Many services the WCB provided in the past have been eliminated or contracted out to private for-profit organizations. First aid services have been removed from the WCB legislation and are now provided through private contractors. The WCB's world class Rehabilitation Clinic has been closed, and its services are now provided by other public and private companies increasing the strain on the public healthcare system.

Benefits have been capped or reduced leaving some workers facing a lifetime of poverty

Changes to the pensions legislation have removed virtually all Loss of Earnings pensions for permanently injured or ill workers, or those unable to return to work at an equivalent rate of pay. Eligibility for payment of benefits to permanently injured workers for any loss of earnings as a result of the injury has been drastically reduced. The number of LOE pensions awarded in 2002: 927; the number of LOE pensions awarded in 2006: 39. The average value of LOE awards under old legislation for 2002: \$198,000; the average value of LOE awards in 2006 under new legislation: \$100,300.

The average value of a Permanent Disability award under old legislation in the year 2002: \$34,000; the average value of a Permanent Disability award under new legislation in the year 2006: \$23,400. Pensions for permanent disabilities past age 65 have been eliminated, often leaving workers without sufficient income in their retirement. Taking away workers' pensions past the age of 65 saves employers \$70 million annually.

Employers are saving billions while workers are losing

The two pieces of workers' compensation legislation amended and passed in 2002 (Bills 63 & 49) gave employers a one-time saving of nearly \$1 billion.



COMPENSATION MODELS — EFFECTS OF PRIVATIZATION

British Columbia: A comprehensive public system

In Canada, each province and territory has legislation governing and regulating workers' compensation, and operates its own publicly administered, not-for-profit system. These systems are all based upon the historic compromise resulting from recommendations made by Mr. Justice William Meredith in 1913 of a no-fault, collectively liable, and independently operated model.

Here in BC, our publicly administered and funded workers' compensation system oversees and provides for the following:

- *compensation for wage loss (including survivor benefits)*
- *assessment and collection of premiums (collective liability)*
- *prevention*
- *rehabilitation or retraining*
- *inspection and enforcement*
- *coverage of medical expenses*

This system integration is efficient, cost-effective, and can be focussed on worker recovery.

The USA: Disparate and competitive models leave workers underinsured

In contrast, US systems vary widely by state. Some are funded through a publicly controlled fund, while many are operated by private insurance companies or through self insurance (employers who pay claims themselves independent of the workers' compensation system). Generally, compensation systems in the US cover only:

- *wage lost compensation*
- *assessment and collection of premiums*

Responsibility for workplace safety, prevention and inspection is completely separate from the workers' compensation systems, and is overseen by a federal body called the Occupational Safety and Health Administration (OSHA). There is no integration between the two.

In states with private and self insurance systems, the consequences are serious:

- *demand for profit drives reforms that restrict access to compensation for injured workers and reduce the amounts of benefits paid out*
- *low income workers don't file claims and live with illness or injury due to fear of job loss or other workplace consequences*
- *recovery rates from injury are the worst in the country (Texas, with its opt-out self-insurance system, reports the lowest rate of recovery with 25 per cent of all injured workers never returning to work)*