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COCA Update on WorkSafeBC Activities #532 April 10, 2012

The following column from COCA appeared in the Journal of Commerce

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Stressed worker legislation will be expensive - Part 2

View from the Board | Grant McMillan

New legislation proposed by the B.C. Liberal government would greatly expand the costs of claims for stress.

This column provides the details of why this legislation will be costly and impractical. Part 1 appeared in the April 4 issue of the JOC.

In the 1990s under an NDP government, the acceptance of gradual onset stress claims expanded within the Workers' Compensation Board.

This and other overly generous provisions added greatly to the costs of the workers' compensation system, creating major debt.

In 2002, the new B.C. Liberal government changed the Workers Compensation Act in order to make the system balanced and sustainable.

One of these legislative changes established the requirement that a stress claim must be the result of a traumatic incident arising out of and in the course of employment.

The reversal of this provision on stress has been an ongoing objective of the public sector unions and their allies, the NDP.

The costs for the proposed changes are potentially staggering. The data from WorkSafeBC indicates the magnitude of the costs for stress claims.

The majority of these costs would come within the public service and be paid by B.C. taxpayers.

From 2001-2010, the cost of stress claims for the BC government was \$27.88 million.

In comparison, the cost of stress claims for all of the construction industry was \$2.7 million.

The latest payroll number for the B.C. government was \$25 billion for 2010.

The latest payroll number for the construction industry was \$6.4 billion.

The B.C. Government and public sector have about four times the payroll as compared to the construction industry.

But, the B.C. Government and public sector have about 10 times the costs for stress claims.

This data makes it clear that the primary users of any expanded acceptance of stress claims would be public sector unions.

The experience with expanded stress legislation in Australia should serve as a warning for British Columbia.

During a union-friendly government, Australia liberalized the criteria for accepting stress claims.

The high costs that resulted were predictable.

The online newspaper, The Australian, has reported that the cost of mental stress claims has soared from \$53 million in 2008-09 to \$70 million in 2010-11, while the incidence of the claims has risen by 30 per cent over this time." (Dec. 8, 2011)

The Journal of Law and Medicine (Australia, May, 2007), reported that "Work-related stress claims in all Australian jurisdictions are the most expensive form of workers compensation claim. This is due to the lengthy period of absence from work which is a feature of stress-related claims."

And in July, 2011, Comcare, which administers the Australian federal workers' compensation scheme stated that "since 2006-07, there has been a 54 per cent increase in mental stress claims, as a proportion of total accepted claims... over the last 12 months, mental stress claims accounted for almost 22 per cent of all serious claims that involved one week or more time off from work."

This experience should serve as a warning to B.C.

The legislation that is now before the B.C. legislature has major, long-term negative financial implications.

For a province that has spent 10 years building a solid economic foundation, the proposed legislation does not make sense.

The Council of Construction Associations strongly believes that the legislation should be withdrawn and a thorough study of the issue should be initiated.

Grant McMillan is the president of the Council of Construction Associations (COCA), which represents the interests of 16 construction associations in B.C. on WorkSafeBC matters. Grant is also a member of the Journal of Commerce Editorial Advisory Board..

The JOC article is available online at:

<http://www.joconl.com/article/id49580/--stressed-worker-legislation-will-be-expensive---part-2>