



August 10, 2018

Ms. Wanda Stephens
Manager, Policy Development
Workers Compensation Board
Email: policy.development@wcb.ab.ca

18004-107 Avenue NW
Edmonton, AB T5S 2J5
t:780.455.1122/f:451.2152
www.albertaconstruction.net
info@albertaconstruction.net

RE: Funding Policy, Policy 01-01 Parts I and II

The Alberta Construction Association (ACA) appreciates the opportunity to comment on the proposed policy and the opportunity to participate in the in-person consultation held in Edmonton June 28, 2018. ACA represents 3000 member firms across Alberta. Alberta's construction industry provides approximately 25% of the annual premiums to the WCB.

ACA supports the purpose of the Accident Fund, as noted in Bill 30, to support a sustainable workers' compensation system. Our members and their employees benefit from a fully funded system, funded through premium levies charged to employers. Our members have supported WCB's policy mix to balance collective liability with individual employer accountability. In particular, ACA's support for the current funding target range of 114% - 128% is in part based on the continuation of other policies including experience rating, cost relief, and the Partners in Injury Reduction program. While the WCB Review Panel recommended no change to the funding target range, other recommendations of the Panel suggest a different perspective on the balance supported by ACA. Thus while ACA acknowledges that the target funding range is not part of the current consultation, ACA urges a separate discussion of the funding target range which includes a review of the assumptions for rate setting. ACA believes the assumptions should provide funded outcomes which minimize the potential for a large surplus in excess of the top of the funding target range. The WCB's acknowledgement of the redundancy of the previously established Occupational Disease Reserve underlines the value of periodically revisiting these assumptions to achieve clarity and stakeholder support in defining what is meant by sustainable funding.

ACA does not support WCB's proposal to define the Accident Fund as two distinct components: a Worker Benefit Fund and a Safer Workplaces Development Fund. ACA supports the intent to focus on an actuarially sound fully funded Accident Fund that covers current and future claims costs, and related administration and WCB services. As we noted in the June meeting, the surpluses generated in 2015-2017 exceed existing investments of WCB premiums in safer workplaces. The creation of a segregated portion risks duplication with existing investments to improve safety such as the funded safety associations and the OHS Futures Fund and potentially weakens the link for employer to safely manage their worksites. It further may create an expectation of a continuous funding source and avoids the issue of funds exceeding quality applications. We believe the sustainability of the funding of the WCB Accident Fund is best maintained by managing funds as a single pool.

In the event that the WCB proceeds along the lines of the current proposal, ACA offers the following:

- We support that the WCB retain the responsibility for the management of the Accident Fund and disbursement of excess funds. No funds should be transferred to Government general revenues and no role for Government in disbursement decisions
- We support the WCB proposal to allocate to employers the full amount when a premium rate setting surplus occurs. Returning this amount supports the principle that current employers pay for current claims
- We further support the WCB proposal to allocate surpluses to employers for special funding levies incurred in the previous 3 years
- In the event that a Safer Workplaces Development Fund is established, we recommend establishment of an industry stakeholder group, with representation from major stakeholder groups, to provide advice to the WCB Board on areas of potential investment
- The maximum amount of excess funds that can be allocated to new safety initiatives not exceed the amount that is currently funding OHS & WCB safety related grants (ie. a doubling of current grant funding). We note government distributed \$667,000 in 2017 under the OHS Innovation & Engagement grant program to fund 33 projects. While this amount could be increased, subject to quality applications being submitted, anything more than a doubling of this amount would likely result in funds being squandered on projects and initiatives that are not value added in terms of improving safety. Further if there are not quality applications supported by the advisory group that utilize the safety portion, the unallocated funds should automatically be allocated to individual employer accounts. Traditionally, employers have reinvested any return of WCB premiums in enhanced safety. Releasing unallocated funds to employers will continue this outcome
- In order to minimize duplication, focus specifically on areas that reduce WCB administration and claims costs (eg. IT enhancements; evaluate and expand if warranted the new TOJ program, improved service capacity in rural areas, without reducing service or benefits to injured workers, sharing best practices of what employers and health care providers can do to improve return to work outcomes)
- Recipients should be required to report back on the use of the funds, objectives met and outcomes in order to ensure transparency and accountability. These reports should be disseminated to stakeholders.

Sincerely,



Paul Heyens
Chairman