WorkplaceNL's announcement of 131% funded position insulting to employers

Agency is collecting significantly more than necessary from employers while the economy is contracting and unemployment is increasing

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June 15th, 2018 St. John's, NL –Today's announcement that the WorkplaceNL funded position has reached 131% means that the worker compensation system is overfunded by 21%*. Workers' Compensation is an insurance system fully funded by employer premiums. This is the fourth year that WorkplaceNL has collected more money than is necessary to run the system, at a time when the economy is contracting and employers in the province are struggling. The release gives no indication that WorkplaceNL is concerned about the impact these high rates have on the economy, jobs and wages.

After twenty years of the highest employer premiums in the country, in 2018 average premiums are still the 3rd highest of any province in Canada - 13% higher than the average of the other provinces. Employer premiums are a "payroll tax." They increase based on the number of people employed and the more wages paid. Most economists agree that payroll taxes are job and wage killers. In a study conducted by Dr. Morley Gunderson commissioned by the NLEC in 2012, Dr. Gunderson concluded that high workers' compensation rates have negatively impacted NL's economic growth, job creation, wages, unemployment, productivity, and the overall competitiveness.

The provincial economy continues to struggle, with GDP outside the oil industry in decline. Investment has declined more than 20% in both 2017 and 2018. There has been no net job creation in NL since 2014 and employment levels in 2018 are expected to be the lowest they've been in 10 years (since 2009). Wage increases are also expected to decline and in 2018 and 2019, and will be approximately 1% (which is less than inflation). Government's 2016 tax increases have contributed to these negative economic indicators, and worker's compensation is an area where some relief can be achieved.

"If there was ever a time when workplaces need a break it is now," said Employers' Council Executive Director Richard Alexander. "We respect the efforts of WorkplaceNL to lower premiums in the past, but there is clearly room to do more and ease the burden on workplaces - especially in this economy. They are clearly not considering the impact their decision to keep premiums higher than required is having on workplaces who are struggling to keep people employed. Instead they are choosing to run huge surpluses, and that's insulting to employers."

Workplace NL is collecting more than is necessary from employers in part due to the cost of new injuries continually being lower than expected. Employers have made significant investments in safety in order to reduce the workplace injury rate. To continue to collect more money than is necessary to run this system is unjustified and unfair, particularly in light of current economic conditions.

The Employers' Council is calling on the Board of Directors of WorkplaceNL to drop assessment rates in 2019 to bring the funded position to 110%, in keeping with the target in their own policy.

** Above their 110% target required in policy to run the system.*

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Interview opportunities available.

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