

**Ministry of Finance**

**BRIEFING DOCUMENT**

**To:** Lori Wanamaker  
Deputy Minister

**Date Requested:** April 30, 2020

**Date Required:** April 30, 2020

**Initiated by:** Heather Wood

**Date Prepared:** May 4, 2020

**Ministry**  
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**Cliff #:**

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**TITLE:** s.13

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**PURPOSE:**

**(X) FOR INFORMATION**

**DATE PREPARED:** May 4, 2020

**TITLE:**<sup>s.13</sup>

**ISSUE:**<sup>s.13</sup>

**BACKGROUND:**

- WorkSafeBC is the exclusive provider of workers' compensation in BC. WorkSafeBC targets a percent funded ratio of assets to liabilities of no less than 130% in its accident fund. WorkSafeBC's 2019 Accident Fund Report highlighted an excess surplus of \$2.7B. This amount has been greatly reduced in the current economic downturn.
- Self-isolation restrictions associated with COVID-19 will soon be eased. This has raised questions on how to maintain the safety of workers in their workplaces and has led to early assessment  
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- There is minimal data regarding the proportion of the workforce that has access to paid sick leave. The Ministry of Labour's (LBR) estimates that fewer than 50% of employees in BC have paid sick leave, and probably less than 40% of the workforce when self-employed workers are included. Employees without paid sick leave are generally employed in small businesses.

**DISCUSSION:**

- Significant reductions in investment earnings in the aftermath of the pandemic has impacted the accident fund's surplus. LBR is in the process of confirming this amount.

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- The provision of worker's compensation and the establishment of the accident fund are legislated in the *Workers Compensation Act* (the Act). LBR notes that the purpose of *the Act* is specifically to provide wage-loss compensation to workers who become injured or ill as a result of an event that occurs over the course of

employment. It does not currently include short term illness benefits for injuries and illnesses that do not arise from work.

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- The Board makes an annual assessment of the funds required to maintain the workers' compensation system.<sup>s.13</sup>

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#### *Presumption of COVID-19 as work related*

- LBR advises that the Board is also considering presuming contraction of COVID-19 as a work-induced illness for certain high-risk professions (e.g. hospital staff). Should an employee covered under these changes contract the virus, they would be entitled to workers' compensation benefits without the need to prove the virus was contracted at work.
- This increases cost risks for employers of these employees and will likely require an increase to employer premiums to offset the costs of these risks.

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- The Act states that "The Board is solely responsible for the management of the accident fund and must manage it with a view to the best interests of the workers' compensation system".<sup>1</sup>
- Every year, the Board makes an annual assessment of the funds required to maintain the workers' compensation system and these are collected from employers and independent operators.

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<sup>1</sup> The best interests of the worker's compensation system is not defined in the Workers Compensation Act but is taken to include not acting in one's self interest or in the interests of a special interest group or constituency, but rather in the best interest of the system as a whole. In making decisions on the accident fund, objective data is considered such as workplace injury data and trends, healthcare and other system costs, economic indicators, employer payroll information, and investment market performance. Stakeholder views are considered by the WorkSafeBC Board of Directors, as are projected trends, which may be considered subjective elements, but decisions remain based on the best interests of the system as determined by the Board of Directors.

- The Act states that “If the Board considers that the funds in a class are sufficient for the time being, an (assessment) instalment may be reduced or cancelled or its collection deferred.”
- Thus, it is within the Board’s legislative authority to reduce, cancel, or defer assessment payments so long as the fundamental principle of maintaining the best interest of the workers’ compensation system is maintained.
- The Board has exercised this legislated authority during the COVID-19 pandemic. On March 26, 2020, WorkSafeBC announced that it would postpone the payment deadline for assessments, in light of uncertainty from the pandemic.

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### *Conclusions*

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