

(Chairman: Mr. Diachuk)

(8:55 a.m.)

Mr. Allan Johnstone

MR. CHAIRMAN: Good morning, and welcome to the first morning of the hearings of the select committee on workers' compensation and occupational health and safety legislation for 1983.

I see, according to the agenda, Mr. Allan Johnstone. We would be pleased to have you make your presentation, Mr. Johnstone. In the time frame we will try to elicit any clarifications. Other than that, we have one hour for your submission, so that should be quite ample, I trust. You are Mr. Johnstone? Do you want to introduce your colleagues?

MR. JOHNSTONE: Yes. I will introduce myself: Allan Johnstone. I have 30 years in seismic exploration as a practising consulting geophysicist, with experience in geology and drilling. However, the two colleagues I have here — one is a seismic driller with 25 years' experience, and his assistant — will remain anonymous.

The paper that I am presenting I call Observations and Recommendations on Alberta Explosives Safety Regulations on Seismic Operations in Northwest Alberta.

MR. CHAIRMAN: Mr. Johnstone, I wonder if you would share a seat with your two colleagues and speak towards the committee, because it is for the benefit of the committee that we want to receive your comments. I appreciate that the public is there and, with all due respect, I hope that if they need clarification they can get it from us or yourself later.

MR. JOHNSTONE: On the second page of my presentation, I have a list representing 10 IDs and municipalities, which represents the scope of my activities as an employee of Energy and Natural Resources inspecting seismic crews. I have informed my superiors by memo that I am making this presentation today. I am now about to commence.

There are approximately 100 seismic crews in Alberta. These crews employ roughly 400 truck- or track-mounted small drilling rigs that drill and load dynamite in shot holes at depths ranging from 20 to 60 feet. The number of holes per mile ranges from eight, 12, 16, 24, 36, 70, and 112.

In British Columbia, the Workers' Compensation Board attempts to regularly check every seismic drill operating in B.C. for correct equipment and procedures. Paradoxically, this is not done in Alberta, despite the much larger scale of operations. In the past two years, several incidents have occurred in northwest Alberta which have been and/or still are, hazardous to the local population. I will share just a few.

A minimum of 50 and a maximum of 1,000 unexploded dynamite charges were left north of Debolt last winter, at depths of 30 feet over an area of 80 miles. The exact number may never be known. When corrective measures were undertaken last summer, 97 of these charges were shot off. The powder may have deteriorated by now, but the detonators remain potentially dangerous. It is possible that some of these charges may have floated or still can be pulled to the surface. Witness: Harvey Pellerin, Box 82, Bezanson, advisory council chairman, ID 16, Valleyview. I have been in contact with Mr. Pellerin and, as I said, he is a witness and has agreed to have his name used in this hearing.

In the fall of 1982, a seismic drill loaded several holes at 50 feet with one kg of powder, 2.2 pounds, at a location four miles south of La Glace, Alberta. Immediately after the crew left, three teenage boys pulled the charges out and tied them behind their

motorbikes. They then drove up and down a nearby hill playing "chicken". Sources: Lindsay Fowler, local farmer; and others. Mr. Fowler has given permission to have his name mentioned in this hearing.

The ensuing investigation revealed that the use of cardboard containers of dynamite with push-on, winged plastic attachments holding them in the hole is potentially hazardous. These plastic attachments are referred to in the seismic industry as sandpoints or drive points. Dynamite can be pulled right out of these plastic containers.

Also, this investigation and subsequent incidents reveal a widespread practice by seismic drilling crews in the industry. They call it drop-loading dynamite. This involves dropping the charge down the hole without using loading poles, to save time. Also, they often cut off the fins of the sandpoints.

Now with my assistants, we will do some demonstrations here. This is a typical 2.2 pound, one kg, charge with a push-on drive point or sandpoint. As you see, it comes right off. Here is an example of a plastic dynamite charge with a screw-on sandpoint. When it's pushed down in the hole, it cannot be taken off.

With the assistance of Tom here, we would like to demonstrate. If you were to load a hole, Tom, I'd like to see you go about it.

TOM: Well actually, you just take these poles. It goes into the top of this dynamite, and you go down that hole. Those wings — first, I guess you'd better . . .

MR. JOHNSTONE: By the way, this is simulated dynamite and simulated caps.

TOM: So you put a hole which has got this dynamite going uphill so that this cap here, going up, will not pull back. But then if this pulls out, the whole charge will pull out, dynamite cap and all. So actually, it's sometimes not very safe. Maybe there are better sandpoints with something to hold them in; I don't know.

MR. JOHNSTONE: Here we have a galvanometer. There are two types of galvanometers available. These charges can be set off by flashlight batteries or car batteries. I had an incident last winter in which one curious farmer set off a charge with a flashlight battery. As it turned out, the first report I had in that case was that he used a car battery, which shocked me. When you have a 50- or 60-foot hole with this down the hole, and it's not tied down, the wire will go over the power line and electrocute the people in the truck. In such cases, when they are drilling and shooting holes below power lines, they use a material called prima cord. Here are some examples of this material.

It burns at 20,000 to 27,000 feet per second. So when they load a charge with prima cord below power lines, they will make their hole with their punch, push the time card through a tie knot, wrap it a couple of times, and with the loading poles attached — you can do it better than I can — push it down the hole.

Now, drop loading is a situation where the drillers do not use loading poles. If one views a driller on the road dropping a charge down a hole and he does not have five or six lengths of loading poles, he is committing an illegal act.

Drop loading is particularly dangerous when prima cord is employed below power lines. If the charge sticks part way down the shot hole, the remainder of the prima cord is coiled a few feet from the surface. It burns or explodes at over 20,000 feet per second and can possibly be ignited by a shovel or compression between two sharp objects.

I have here a picture which shows fragments of an example of prima cord below a power line and/or a drop-loaded charge. When they complete the loading of the hole, at 18 inches below the surface they set what they call a shot hole plug and fill the surface in with 18 inches of dirt. Well, I've run tests with drillers where we've loaded a hole with poles, legally, put this in 18 inches below the surface, tamped it in with dirt for 18

inches, and then proceeded to pull this charge right up to the surface. I checked it with my galvanometer, and it was still alive. So I am convinced that what I am stating here is essentially correct, in that the use of push-on sandpoints on cardboard charges is hazardous.

Would you agree with me generally, Tom?

TOM: Well, sure. I think they used to make some of these with something in there to hold them from backing up on to that. I don't know. I don't see them in these.

MR. JOHNSTONE: There are three different suppliers, and I checked with all suppliers. At the present time, paradoxically, they are increasing their production of the narrow charge. This is a 50 millimetre charge. This would fit over a 60 millimetre charge. In my view this increase in production by the three producers is due to the increase in drop loading.

In March of this year another incident occurred with drop loading in the vicinity of La Glace. This resulted in the local Bear Lake surface rights group advising farmers to request seismic drilling crews to use only plastic seismic dynamite charges with screw-on sandpoints.

Last week, at Spirit River, another incident occurred. I will read excerpts from these attached letters.

The Council of the Municipal District . . . wishes to bring to your attention, their concern to an infraction in the dynamite loading procedure of a seismic exploration operation.

The Company . . . has been operating in the Municipality and it was witnessed by the Public Works Supervisor, the fins on the sandpoints were being cut off before the dynamite packs were dropped into the holes. Council recommends, the appropriate penalty be imposed on the company . . .

In that case, on the drill truck, the driller had simply cut off the holing points and attached them to the dynamite. This point made it easier to drop them down the holes. That is inconsistent with the ethical conduct of business.

I will read an excerpt from a second letter. Their activities extended into ID 20, Spirit River.

It was recently brought to my attention by officials of the M.D. of Spirit River that the above noted seismic operations are being improperly conducted. The area of concern centres on the hazardous handling and loading of dynamite charges.

The Advisory Council for Improvement District No. 20 has been expressing concern for some time now about the haphazard way in which seismic activities have been conducted in the I.D. This is the third serious complaint in the past year.

I am of the opinion that these seismic operators need awakening to the fact that they are not operating on the frontier any more. Perhaps it is time to initiate some penalties in order to make the message clear that we are concerned for the safety of the resident population.

There is more that could be said concerning the operations of seismic crews in northwestern Alberta, but they are beyond the boundaries of this hearing.

Comments and recommendations:

Last year, two adults were sentenced to six months in jail for pulling up seismic dynamite. There was little to be gained by charging the La Glace juveniles. However, it is now common knowledge in this area among teenagers — and, incidentally, among

adults as well — that dynamite is obtainable. To cover up this situation could result in a serious injury in the future.

I have discussed the pros and cons of this situation with Special Constable Darbyshire, Explosives Division, Edmonton. It was mutually agreed to write this forthright presentation to this hearing. Constable Darbyshire also advises that seismic charges without winged attachments are being found floating to the surface at various other locations in Alberta.

I hereby recommend:

One, that Alberta follow B.C.'s example of regularly checking seismic drills for correct equipment and procedures.

Two, that seismic charges in cardboard containers be banned in Alberta.

Three, that seismic charges in plastic containers with screw-on sandpoints be made mandatory.

Four, that each seismic drill should carry 100 feet of loading poles and associated bronze attachments.

Five, that each driller should carry a small, pocket-size galvanometer to check charges after completion of loading the hole. To enlarge on that, it is possible that the cord could be frayed or broken in the hole. Therefore the charge will not go off, and there will be a charge at an unknown depth with a cap in it. It could be hazardous for future road work or operations in the area, particularly if the charge has been drop loaded.

Six, that a substantial penalty or criminal charge be laid against the drilling contractor, seismic contractor, and/or oil company if it can be proven that an injury or fatality has occurred due to improper loading procedures.

Seven, that legislation be introduced to efficiently co-ordinate the above-mentioned recommendations, utilizing the existing personnel in various branches of the government.

That concludes my presentation.

MR. CHAIRMAN: Mr. Johnstone, particularly with your number seven recommendation and the reference earlier on page 3 to "there is more that could be said concerning the operations of seismic crews in Northwest Alberta, but they are beyond the boundaries of this hearing", can you advise this committee first of all what legislation you are addressing or what legislation has the weakness that you are referring to? At no time in this submission have you touched on which Act you are looking at.

MR. JOHNSTONE: The Act which I am involved with, section 33, the exploration regulations, involves attaching sandpoints to dynamite.

MR. CHAIRMAN: Section 33 of?

MR. JOHNSTONE: The exploration regulations for seismic crews. There is a maximum penalty of \$2,000. As you notice on page 2 of the sketched map, we have areas colored yellow and green. Forestry officials administer the regulations in the green area, I administer regulations on road allowances in the yellow area and, on grazing leases, Public Lands administers the regulations in the yellow area, on public lands. Federally, the RCMP check the magazines. However, I bring up the fact once again that essentially, in comparison to B.C., to my knowledge there aren't any regulations existing at the present time for each drill to be checked over. The salient point in my presentation is the danger involved in using cardboard dynamite containers.

MR. MARTIN: Just to follow up on the comparison with B.C., do you have any evidence? I'm just trying to find where you talk about B.C. You say that they check.

You're saying that's law there.

MR. JOHNSTONE: Yes.

MR. MARTIN: Can they not use your specific point? Do they have to use the plastic screw-on one?

MR. JOHNSTONE: I checked with Ian Stewart of the Worker's Compensation Board in Fort St. John yesterday by phone, and it was news to him, the dangers involved in cardboard containers.

MR. MARTIN: So what is it that they do in B.C.? They have people going out to check, is that the main difference you're talking about?

MR. JOHNSTONE: The Workers' Compensation Board checks with the seismic people on crews coming into the area. They make an agonizing reappraisal of every action of that crew, starting with the camp, fire extinguishers: every aspect. They make an attempt to visit each seismic camp, in the same manner in which your group checks drilling rigs in northern Alberta.

MR. MARTIN: If I could just have one follow-up on that. Do you have any evidence or documentation saying that there are fewer accidents or fewer incidents in B.C. than you are seeing in northwestern Alberta? In other words, how effective would the extra money be?

MR. JOHNSTONE: You are comparing apples to oranges; that is, in our area here, we have a large yellow area. Fort St. John enters into a green area on the Alaska Highway, with a small portion in the Dawson Creek area. It is difficult to come up with a straight yes or no. He did bring up the fact that last year a local employee of a seismic crew wired up his car with seismic explosives. When the RCMP accosted him, he blew up the car and the RCMP constable. They went back to the company that the crew had worked for, and the company was not aware that any dynamite was missing.

He had high praise for one company, Shell, for keeping very close control on their dynamite. As far as our telephone conversation was concerned, that was the end of it.

Insofar as dynamite incidents are concerned, I could go on at length on incidents in northern Alberta that I have been made aware of. There are 17 RCMP detachments in northern Alberta, K Division. Nevertheless Special Constable Darbyshire is responsible for all explosives reports. There is not one man in northern Alberta, in this corner, who is trained in any way in explosives. I have my doubts that there is anyone in occupational health and safety as well.

MRS. FYFE: On page 4, where you mention "two adults were sentenced to two months in jail for pulling up seismic dynamite", was that under the exploration regulations that they were charged?

MR. JOHNSTONE: No, that was not under our regulations. That was under federal jurisdiction under Special Constable Darbyshire out of Edmonton.

MRS. FYFE: You don't know what Act that is, but it is federal legislation?

MR. JOHNSTONE: I believe so.

MRS. FYFE: If Alberta were to move with new legislation — I am not familiar with the federal legislation, but does it not cover some of these aspects?

MR. JOHNSTONE: When it comes down to covering the aspects and checking the 400 drills, occasionally the RCMP will send one man up in the winter, who is usually involved in checking duck hunters in the fall, and he will make a flying trip and check crews. But as a general rule, the RCMP — and I've been in contact with possibly 10 out of the 17 detachments. Even in talking to their headquarters in Peace River, they refer all explosives incidents to Darbyshire.

MRS. FYFE: Mr. Johnstone, what I'm trying to get at is: is there a void, is there legislation that's required, or is it the enforcement of existing legislation that is required?

MR. JOHNSTONE: A combination of both.

MRS. FYFE: Do you know of any other jurisdictions, American or other areas of the world, where there is a significant amount of seismic operations where the plastic containers are required?

MR. JOHNSTONE: No.

MRS. FYFE: So the cardboard is one that has been in existence for some time, and it's more a matter of practice than the companies themselves looking at the safety aspects?

MR. JOHNSTONE: Now you're coming to the crux of the problem. There is roughly \$1.50 difference between using a cardboard charge and a plastic charge. At 12 holes per mile it's a saving of \$20, at 36 per mile it's \$50, and so on and so forth. Since last fall, when this came to my attention, I appealed to the consciences of several companies and told them of this particular point, howsoever to no avail. They prefer to save that \$50 a mile, despite the fact that the Alberta government does pay an incentive of \$700 a kilometre to crews for operating in Alberta.

MRS. FYFE: Thank you.

MR. NELSON: Mr. Johnson . . .

MR. JOHNSTONE: Johnstone.

MR. NELSON: Mr. Johnstone, I guess I don't totally understand the aspect of these charges. When they are dropped into a hole, are they not charged fairly quickly? Why are they left in the hole for some period of time?

MR. JOHNSTONE: It varies from crew to crew. However, under the incentive program that Alberta now has, the crews are shooting possibly 20 miles a day at \$700 a kilometre, and they are setting the drills in motion. In my view, in order to work an ordinary 10- or 12-hour day, a drill should get 70 cents a foot or \$50 or \$60 an hour, in that range. However, they are working for less than 50 cents. So they are working from seven in the morning to ten or eleven o'clock at night. Some of these crews have been 200 miles ahead. The result is that charges are left in the ground for several weeks.

Secondly, the crews are scattered over the landscape. They may have a job in one place, another job 100 miles away, another job 100 miles away, with very little

supervision.

MR. NELSON: And your function is to check on these? I see.

MR. CHAIRMAN: Stan, if I may. When you check on them, Mr. Johnstone, who do you report your findings to?

MR. JOHNSTONE: I report my findings to Mr. Herman Selcho, manager of investigations, Edmonton. Howsoever, I have two responsibilities. I have a second responsibility, handling farmers' complaints of various natures against seismic crews. In some cases, if I have six farmers' complaints and six crews in the area, the farmers' complaints will take priority. The area is large.

MR. NELSON: If there are complaints and there are unsafe operating procedures taking place, as you indicated here, would not that take priority, to ensure the safety of the community rather than a farmer's complaint of some nature?

MR. JOHNSTONE: Well, in the first place, complaints concerning dynamite are few and far between, because people are not aware of them. In the case of the Debolt situation, Mr. Pellerin became aware of a crew on his property in the spring. They mentioned to him that there were unexploded charges there.

As it turned out in that case, this particular crew had shot 80 miles at 36 holes per mile, 2,800 holes, each hole 100 feet apart. There was deep snow, and they had a green shooting technician on the crew. He broke his regular firing line attaching it to the blaster and jury rigged an affair which really had a bare line going to each charge. Now, similar to an extension cord, there's so much power at 20 feet and so much at 50 feet.

As it turned out in that particular case, over 80 miles, in some cases three charges went off, in some cases two, in some cases one. It would never be proven how many. As it turned out, it was not found out until several months later. In my view, in that particular case supervision was absolutely lacking, or else brainless beyond description.

MR. CHAIRMAN: Any others, Stan?

MR. NELSON: No, I won't pursue it. There are a lot of questions that I think should be asked at this point in time. Maybe I'll just pursue one other area regarding legislation, Mr. Johnstone. It seems to me that there is legislation available through the federal government regarding explosive materials. I'm just wondering if you're aware of any of that and, in your function out there, why you cannot use that legislation, either through the RCMP or yourself, to ensure safe operating procedures in the field.

MR. JOHNSTONE: I'll give you an example. In my view, it has proved fruitless. I was driving on the highway near Beaverlodge, and I noticed a drill working below a power line, loading. When I drove up alongside, I noticed a loaded charge on the ground, with a cap in it. That's illegal. They had a pick-up truck with dynamiting caps in the back of the truck, without standard containers. That is illegal. A 17-year-old boy was handling the dynamite and the caps. That is illegal. I immediately drove 100 yards away, in view of the fact that these caps can be set off by a radio mobile, power line, or whatever, and I radioed the RCMP in Beaverlodge. I had a brief talk with the driller, and the undercurrent of animosity that developed in my mind is the fact that the 50-year-old driller had not advised the 17-year-old boy that there was a danger here. That's when I lost my temper and phoned the RCMP. But the result of the entire affair was that they received a \$500 fine.

What it amounts to in cases — let us say I should report an infraction of loading dynamite, unless I have a witness, there are two or three members of the crew about. They will immediately make affidavits and state that, no, they were following the rules. I'm one person; they are two, three, or four.

Secondly, in talking to the RCMP, they refer me to occupational health and safety as having more punch, more back-up to apply fines. I'm generalizing, but that's the best answer I can give you.

Secondly, oh yes, when I do report these affairs, I then have personal phone call threats. I've had my tires slashed. I do not have a uniform such as a wildlife officer or a member of the RCMP. I must be discrete in how I handle the situation.

MR. CHAIRMAN: If I may interject, Mr. Johnstone, you did make reference to occupational health and safety. Because this committee is reviewing that Act, what has been your experience with the regional office here in Grande Prairie?

MR. JOHNSTONE: Oh, superlative. That is, he is in the next office, and these events which I related to you I brought to his attention. What more can I say?

MR. CHAIRMAN: Any other questions?

MR. MARTIN: Just one. Basically the one thing I gather you are saying is that with the federal, perhaps it's a matter that they deal with the problem after there is an occurrence. What you're talking about here is prevention, before it gets to that point. I'm just wondering, I guess, it seems like an awfully big area. By what you've shown me, I think there is probably some merit in the plastic containers, not being an expert. I think it's going to be very hard to have enough people to regularly check seismic drills. I don't know what they do in B.C. It seems like it would take quite a few people to cover that area and do the job effectively, otherwise it becomes a bit of a farce and a waste of money. Would you not agree?

MR. JOHNSTONE: I have to agree. The number of crews in B.C. is possibly one-fifth of Alberta.

TOM: Yeah, I would think.

MR. JOHNSTONE: It's along the Alaska Highway on a regular road of travel. They have two or three men plus back-up for the Fort St. John area. I'm one person.

Now there is a large stock of cardboard charges in hand. I imagine some of the suppliers will be crying bloody murder — pardon the expression, ladies — that an individual here is saying we should ban them. Until legislation went through, if it went through, if one were to load these charges and dump a few buckets of sand on the charge down the hole, that would be satisfactory to me as a safeguard. Would you not think so, Tom?

TOM: Well sure, or a better point put on that end so it can't come off, instead. It's easily pulled out of that sand point or whatever you call it. Maybe it just needs something better to hold it in there.

MR. CHAIRMAN: No other questions? You may wish to conclude any other comments you have, Mr. Johnstone.

MR. JOHNSTONE: One other incident. Last winter I walked three miles in the deep

snow and found five charges in the snow north of Tangent-Eaglesham. It's quite easy to observe, because on the ends of these wires, generally they have a plastic shunt. Normally for a cap to be safe it should be shorted out, twisted together, or else there's a plastic container on it to prevent interference by static electricity or whatever. I phoned the client involved and said I had found five unshot holes in three miles, and they shot 100 miles. As usual, I was greeted with astonishment and disbelief, but I asked him to think about it for 24 hours. They walked that 100 miles, and I received feedback to the point that it was worthwhile. In this particular case, they had had two holes 50 feet apart. The snow was so deep that the man handling the shooting, who was a mile away from the technicians' truck, simply couldn't find the second hole. He simply didn't look for it or advise anybody about it, and he'd only shot one out of two for 100 miles. That's another incident. I don't wish to engage in any more rambling comments here. Are there any more questions?

MR. THOMPSON: Well, I really don't understand this too much, because we don't have much seismograph down home. But surely the oil companies that have a contract with these operators must do a certain amount of supervision themselves to see that they're getting their money's worth, or do they just turn them loose out there? I would be very upset if I were an oil company and hired a crew to do a job and got 30 per cent of what I was paying for.

MR. JOHNSTONE: Your answer is, they just turn them loose and let them go. They're arm-chair supervisors in Calgary. Now, on this particular job recently, where the letter is attached, there is an incentive bonus of \$700 a kilometre, over 130 miles. It works out to \$150,000 which the client is going to collect. I have been on the phone and mentioned to those people that if that crew is going to operate there for a month or six weeks, I would certainly like to have a bird dog out there representing the oil company. That didn't register with them at all. They simply state the fact that when they hire a contractor, that contractor should follow the rules. That's another point I'd like to make: there is a lack of supervision by the oil companies themselves.

MR. CHAIRMAN: Okay. Mr. Johnstone, I want to thank you for coming forward and making your submission on an area that I accept is related to our hearings and give you an opportunity to collect your exhibit and permit the next delegation to prepare to sit down here, the St. Regis people. With that, a five-minute intermission for an opportunity.

There is coffee available for everybody present. If you'd like a cup of coffee, it's over here to my right. Please help yourselves.

(The meeting recessed at 9:40 a.m. and resumed at 9:45 a.m.)

Procter & Gamble Cellulose Ltd.

MR. CHAIRMAN: If I may have your attention, we'll now move to accommodate the St. Regis people, and the Procter & Gamble representation will now make their submission. We'll try to stay around the half hour, Mr. Shaddy and Mr. Beaufoy. Because we have a little more time, we won't try to have you use it all up but will be able to share it amongst the other submissions. So please proceed with your submission.

MR. BEAUFOY: Hon. Mr. Diachuk, ladies and gentlemen of the select committee, and members of the public:

Procter & Gamble Cellulose Ltd. is pleased to have this opportunity to provide input

into the government's review of the operations of the Workers' Compensation Act and the Occupational Health and Safety Act. We are making a number of recommendations based on concerns that are very specific to our experience at P & G. At the same time, we are in full support of the briefs being submitted by the Alberta Forest Products Association and the Alberta industry task force. Since the select committee has already received these submissions, I will not be discussing them specifically today in this presentation.

As a major employer in the Peace region, P & G has a vested interest in the health and safety of our employees and the direction of the provincial Workers' Compensation Act. Through this brief, it is our objective to suggest changes to the Act that are based directly on our company's experience. Our recommendations are designed to aid the select committee in revising the compensation Act so that the best possible value could be obtained for the dollars spent by both the industry and the government.

We hope that the select committee will consider our recommendations, and we look forward to seeing a revised Act that is fair and equitable to employees, industry, and the government.

P & G employs over 900 people at our woodlands, pulp mill, and sawmill complexes south of Grande Prairie. Like all our plants worldwide, we are committed to the ongoing protection of our most valued asset, our employees. In order to accomplish this, we have a comprehensive safety and industrial hygiene program in place to ensure the continued well-being of employees. The program is the result of decades of experience in a variety of industries and manufacturing environments throughout our total company. Based on a positive approach, the program uses before-the-fact tools and activities to develop desired safety behavior and working conditions. All this is designed to provide a safe and productive environment for all employees.

The results of our safety program over the last several years prove that we have the ability to successfully manage safety. This graph, which unfortunately not everyone can see, represents the recordable incident rates that have occurred on a 12-month moving average basis, starting back in 08 of '81, going through to the current spring time frame. The top line is the recordable injury rate or, as I think the terminology may be used in this province, the "doctor cases", that did not require lost time activities. As you can see, we have moved our rate down into the range of about 4.5 per 200,000 man-hours of exposure. The bottom line is the lost day work case rate, which is down approximately at the 1 level on a 12-month moving average rate.

Also, in the recent past the Grande Prairie organization of our company has achieved the following safety accomplishments. Our pulp mill continues to rank among the top three safest pulp mills in Canada. Secondly, the P & G woodlands operations have consistently been among the safest in Canada. In fact, the woodlands group has just been awarded what's called the President's Trophy for the best safety improvements within the corporation. This award is the highest safety honor to be won in our company, and actually there are 53 different plants across our total corporation that compete for that award. Thirdly, our sawmill operation has made excellent progress in safety since its start-up approximately three and a half years ago. In May 1983, the national safety council of America presented us with an international safety citation in recognition of our outstanding improvements.

P & G has also been interested in the development and direction of the provincial safety compensation programs in Alberta, and we have taken many opportunities to present and discuss our views with the Board and various committees that have been held over the past years. Also, through our involvement with the Alberta Forest Products Association we have played an important role in interpreting and analysing the effects of the workers' compensation legislation.

We are making this formal brief because we understand the moral, legal, and

financial impact of workers' compensation on all those involved. We trust that the select committee will understand the concerns raised in this paper and implement the suggested recommendations.

Prior to discussing our specific areas of concern, I'd like to provide you with what we believe to be the objectives of compensation. We fully support the Board's mandate to provide compensation, rehabilitation, and counselling services to those Albertans injured on the worksite. We believe, however, that the following concept should be built into the revised Act, assuming that there will be one, by the select committee.

First, compensation is designed to provide insurance for employees injured on the job. Secondly, the amount of insurance should be adequate and all claims should be fairly adjudicated. Third, the legislation should provide an incentive for employers to help improve safety activities and reduce work-place accidents. A reward system is needed to provide an incentive for employees to avoid work-related injuries, and if injured, to return to work as quickly as possible. Fourth, Workers' Compensation should provide cost-competitive insurance to employers. Fifth, the Act should continue to provide limited liability for the employer. Sixth, a framework by which the administrative and overhead costs of providing an insurance service are minimized. Seventh, a clear feedback channel should exist through which employers should have the opportunity to provide input and comments to the board. And eighth, Occupational Health and Safety should be utilized to help educate employers in safety management and pro-actively use their resources to help avoid work-place injuries.

I'll now present the 11 areas with which we have concern, as well as some suggested recommendations for change to help improve the situation.

First is compensation costs. Our company is currently involved in three Workers' Compensation Board accounts: 19-02 for the pulp mill, 3-01 for woodlands, and 3-02 for the sawmills. The total net assessments and total cost of claims for these accounts over the recent past are detailed in this table. As you can see, our net assessment — that's our assessment minus any rebates that we have received, which we have — totalled just under \$3.5 million. Claims costs have been just over \$.5 million in that same time frame. This indicates that our employees are receiving \$1 of compensation benefits for each \$6 of net company assessment over the last few years.

The next table compares the assessment rates in the four western provinces for logging, pulp mill, and sawmill operations. This table clearly indicates that the Alberta assessment rates are substantially higher than those in the other western provinces. I believe this table was in the package that you have, so you may have had time to look at that already.

The second area is the merit rebate and superassessment system as it currently exists. The current rebate and superassessment system has not worked in motivating employers to improve safety. Consistently, good performers are forced to pay for the accidents of poor performers. Also, the process for providing merit rebates has not been balanced with that for superassessments. In 1982, I believe, from the report from the Board, \$83 million was paid out for merit rebates, while \$3 million only was charged for superassessments. This is a ratio of 28:1.

We recommend that a greater incentive be built into this system, so that companies of all sizes will see the value of putting effort into safety. For example, a form of user-pay policy with respect to claims would provide enough motivation for a poor performer to improve. Specifically, we support a merit assessment and excess cost assessment system proposed in the brief submitted by the Industry Task Force and the AFPA.

Third, the number of classes that currently exist: the existing number of assessment classes for the whole province is too great. The periodic auditing and revising of all the classes causes many administrative and financial problems for the Board. As an employer, we believe that the Board can be operated more efficiently and cost

effectively by reducing the number of classes and aligning companies into the revised classes on the basis of their experience versus risk, as is the current case. Classification of companies based on their experience record over the past three years will provide a more equitable system without the class discrimination that currently exists. We are recommending that the employer class system as proposed by the Industry Task Force brief be introduced to replace the existing class system.

Fourth, assessable earnings. Traditionally, workers in the forest products industry have received wages that are above the average of the industry as a whole. For P & G, the \$40,000 ceiling has a significant effect on the total premiums paid annually to the Board. In your package, there is a table which indicates what the present maximum assessable earnings are for each of the provinces.

MR. CHAIRMAN: You are referring to Table 3?

MR. BEAUFOY: That's correct. With the exception of Newfoundland, which has recently moved to \$45,000, Alberta is definitely far ahead of the others. And, as I've indicated in there, the average wage rate in our company this year is \$33,300. This table shows how the substantially higher earnings ceiling in Alberta places our company in a competitive disadvantage when compared to our competitors in the western provinces. While recognizing that further increases to the assessable earnings limit will likely occur over the long term, we would like to recommend that the Board solicit input from employers prior to any future changes to the earnings ceiling.

The fifth point is the information flow between the Board and the industry. In keeping with the collective liability concept of Workers' Compensation, the Act should be revised to allow for the sharing of accident information. Since our assessment rates are based on the cost experience within our classes, we should have a right to know who the good and poor safety performers are. Under the current information regulations, an employer with a poor safety record can hide from the scrutiny of both industry and the public. Such rules do nothing to improve the quality of work-place safety. They only serve to penalize the safety-conscious performers while allowing the poor performer to continue with a substandard or non-existent safety program.

We recommend that the Act be amended to readily allow the release of accident statistics that will identify the poor performers. This move will also allow the minister to introduce a major provincial safety awards program that will help recognize and promote the importance of work-place safety. Further, we suggest that a clearer communication link be established between the Board and the industry to allow for the timely exchange of information concerning Board decisions on claims and Act or regulation changes.

Six, campsite policy. While understanding the intent of the campsite policy with respect to comprehensive coverage, we believe that the existence of such a policy creates an unfair double standard. P & G workers who live in the Grande Prairie area and commute to work on a daily basis are only covered by the Board for accidents that occur while at work. By providing 24-hour coverage to campsite employees, the Board discriminates against our commuter operations. Campsite workers who are injured on their own time should not be covered by Workers' Compensation.

We recommend that the campsite policy be amended so that both campsite and commuter employees are covered under the same set of fair guidelines that ensure adequate compensation for those workers injured in work-related accidents.

The seventh point concerns occupational health and safety. Many members of industry look to OH & S as a safety resource to help solve problems before accidents occur. It is our belief that the key to reducing the number of work-place accidents lies in the increased emphasis on before-the-fact safety activities. Through a joint effort,

the Board and OH & S should have the expertise to offer professional safety coaching to these companies with safety concerns. OH & S should inspect worksites and equipment for safety certification prior to having the Board issue an account.

We recommend that OH & S and the Board work together in a joint initiative to improve work-place safety before accidents happen. The Board could use OH & S inspectors as another vehicle to demand improvement from the poor performers. A formal combination of the Board and OH & S resources would result in a more effective deployment of their accident prevention talent.

The eighth area is that of being an insurance guardian. The Board should act as a body that guarantees consistent insurance administration and settlement of claims. A clear definition of the Board's direction in the area of claims adjudication should also be outlined in the Act.

We recommend that through its daily operation, the Board cease to be the social conscience of the industry. Instead, the Board needs to become the insurance guardian for industry and employees. In order for the Board to be a guardian, there must be visibly defined principles in the Act that clearly identify the scope and limitations of Workers' Compensation. For example, there must be clearly understood fund investment policies that will ensure adequate resources for future needs. Any government-initiated changes that require additional funds should be supported from general government funds and not raised through increased assessments from industry.

Nine, accountability, operation, and administration. The Board is an insurance agency funded entirely by employers in Alberta. Like any insurance agency, it should be accountable to the organization that finances it. Such an accountability link to business does not exist under the present Act.

We recommend that the revised Act include provisions for clear lines of accountability on the part of the Board to industry and the public. In addition, we would like to see the Act revised so that it encourages the worker to return to work as quickly as possible. By getting the injured worker back to meaningful work, we will provide him or her an opportunity to contribute to our productivity and shorten the length of time that he or she is dependent on the Board's payments. Clear regulations, as opposed to Board policy, should be identified for the Board's use in making decisions concerning claims.

Ten, proprietor definitions. We utilize the services of a variety of independent contractors throughout our pulp mill, sawmill, and woodlands operations. These contractors are independent businesses or owner-operators who enter into formal agreements to provide a service to our company. As independent businesses, they are responsible for ensuring that they have sufficient coverage with the Board at all times while performing work.

We recommend that the Act be revised so that independent contractors remain independent from the principal, and under no circumstances should they become the responsibility of the principal for the purposes of compensation liability.

The eleventh area is Alberta health care costs and rehabilitation. Our recent experience with health care costs is that we are being double billed as a result of the passing of Bill 38 this spring. We are charged once through Alberta health care premiums and secondly through the Board assessment rates. We recommend that this situation be corrected immediately to prevent any further double billing. As far as the state of the Board's rehabilitative services are concerned, we are pleased to say that we have not had any negative experiences with the availability or quality of service. We are concerned about the Board's possibly duplicating services that are already available from hospitals and social agencies, however. With this in mind, we would like to encourage the select committee to recommend that the Board work more closely with outside agencies to obtain the best possible services while minimizing the impact on the Board's funds.

In conclusion, we have presented and prepared this brief with the intent of providing the select committee with input based on our experiences. Over the years we have respected the Board's adjudication of claims and the degree of insurance coverage provided to our employees. Through this brief we have attempted to inform the committee about our concerns and recommendations related to the changes in classification and rate assessments, good performers subsidizing the poor ones, and the high Board assessments that Alberta employers must pay. In addition to the recommendations presented in this paper, I would like to again remind the select committee that we are in full support of the briefs presented by the Alberta Industry Task Force and by the Alberta Forest Products Association.

We look forward to seeing the committee's final report upon completion of the public hearings. In the meantime, should the committee require any further information beyond these particular hearings today, we would be pleased to be of any assistance that we could be.

Thank you.

MR. CHAIRMAN: Thank you. I wonder if members of the committee would welcome that we — the gentleman has laid it out numerically. Are there any questions on their first recommendation? That's the merit rebate/superassessment program. Myrna?

MRS. FYFE: I'm sorry. I thought the first one was cost.

MR. CHAIRMAN: I was looking at their recommendations that they went through. Oh, sorry. The cost to P & G.

MRS. FYFE: Just looking at the assessments you provided in Table 2, the assessments are higher in Alberta consistently over the last four years. From my understanding, in the little that I have read in comparisons between provinces, that partly reflects different costs that the boards assume. In some, public works owns the cost of the building, and in others these are included in the total costs applied to industry. There does not seem to be any significant change in these figures over the last four years between provinces. Has this been a continuing concern of your company, or is it that you have felt the pinch because of the economic circumstances over the past couple of years?

MR. BEAUFOY: Our concerns stem from before. The data we have goes back to 1980, but our concern has been there prior to that, prior to the recent several years of tough economic conditions. It's been mainly because of the accelerating increased assessment rates that we are having to pay. As we look at performance, we see safety performance continuing to improve, yet we see our assessment rates continuing to go up. We don't see the same situation happening in the other provinces. In previous presentations to the Board and committees of the Board, we have taken a look at the results of other companies in the same industry in the other provinces, compared their safety results with the rates they are having to pay, and there is just a definite difference going on between the provinces and versus results; plus, it's the percentage of increases that have been happening in Alberta compared to the other provinces in terms of rates.

MRS. FYFE: Did you wish to be more specific as to what you think the cause is? Is it the increased accident rate with certain companies that are not performing as well as the record you have? Did you wish to make any comments in that area?

MR. BEAUFOY: I think there are several points. One is the point you've just made, the

actual results that are happening within the province. We are firm believers that there is room for major improvement in before-the-fact safety activities, whether it be through the Workers' Compensation Board, OH & S, or a combination thereof, and that there is dramatic improvement in that area that could occur which would help reduce the actual compensation costs.

MR. SHADDY: Excuse me. Maybe I'll just review for the committee some of the before-the-fact activities that we've been mentioning in our brief. This is something that our company has been following for the last several years and we have got results, which you can see from the tables in front of you.

Before-the-fact activities that are fully committed by management and fully practised by our employees: we have comprehensive inspection programs on all our equipment, tools, and so forth; we have behavior audits in place throughout the organization which in fact are a walk-through of part of the organization, observing for unsafe acts on the part of our employees and correcting them; we have both up-to-date and current training for all our operators and technicians, that is constantly revised; we have safe practices that are incorporating the most current industrial hygiene and manufacturing and government standards, reviewed on a regular process; and we make sure that all employees operating in any specific area are fully qualified in those safe practices before they in fact take on any part of that job. We stress confrontation of unsafe acts and unsafe behavior by both an employee confronting a fellow employee or a manager confronting an employee. We believe that only by confronting the unsafe act as it happens are we going to be able to get some sort of long-term results and improve the results even further.

We have very comprehensive accident investigations that go beyond just finding one cause of an accident; we really look into what we're looking at in terms of the real reason for an accident, and we make sure that we identify follow-up plans that are going to prevent that accident from occurring. Once we have an accident and we understand the cause, if that accident occurs again it's not an accident, it's a breakdown in communications somewhere. So we have identified that by a comprehensive investigation procedure, we can save a lot of time and prevent accidents from occurring.

Of course housekeeping is a major part of our program, making sure that the worksite is clean and safe for our workers to perform in. We have daily tours of safety and housekeeping, making sure that things are looking fine and working properly. We have goal-setting processes that involve workers and management together, setting not only hard number goals but also goals in terms of what type of training they want to see, what type of improvements, and so forth. And we have regular safety meetings between all operating teams on a monthly basis, that bring up not only some general safety concerns but also work on long-term projects to improve the work-place safety.

Our final area is the JSA, or job safety analysis, which we've been stressing very heavily in the last several months. It's a formal process where we look at a specific job or task, break it down into a number of smaller jobs, and analyse it for any type of safety hazard or industrial hygiene problem. Thereby we can identify the proper procedure to be followed to prevent an accident.

If we can share these things with the industry, with the committee today, and hope that these types of things are going to be built into occupational health and so forth, I think we will be making a tremendous step forward to improving the safety of the Alberta work place.

MR. BEAUFOY: There are a couple of points in answering your question further, if I may.

MR. CHAIRMAN: Go ahead.

MR. BEAUFOY: Another area is Board administration. We have seen the annual reports coming out from the Board. I don't know whether the term "bankrupt" is the right term to use, but the industry — and the Board; that's one reason why there is a select committee — is extremely concerned about the financial situation within the Board. While some classes appear to be far outstretched in terms of what their incurred costs are versus what the funding is into the classes, the fact that budget control within the Board — I believe it's only recently that the administration of the Board is to start to pull a budget together, for example. The recent Act changes, the last time the Act was changed, have helped but have caused some of the increased costs within the Board.

The way the classes are formed: I don't believe that is being helpful in terms of keeping costs under control within the total compensation scope within the province. The fact that data is not being shared: our association, which I'm a member of, the Alberta Forest Products Association, has been pulling teeth trying to get data from our members; we have to go through a long red-tape process, where every company has to sign a release saying, yes, we'll let our data be released by the government, so that we as a board can get that data — and we're only starting to get that now — so that we can then go back and work with our member companies that are not good performers, and those that are good, to try to improve the whole situation. But then we find out some people have different kinds of classes and so on under which they're paying compensation.

MR. CHAIRMAN: One more follow-up, and then John Thompson.

MRS. FYFE: Just a quick one. Would you prefer to have a system where you were doing your own policing? Do you think it would be more effective if your industry association looked after policing and ensured that these types of activities were carried out throughout the industry?

MR. BEAUFOY: I think that would be a major start. That would be very positive.

MRS. FYFE: You would prefer that?

MR. BEAUFOY: I would prefer that, in conjunction with some support from government resources where it's available to us.

MR. THOMPSON: I'd like to ask Mr. Shaddy a question regarding his ninth point. Does your company recognize those workers who have an outstanding safety record in promoting safety in your company?

MR. SHADDY: Yes, sir, we do. We track the safety performance of all our employees, and we recognize them with public recognition throughout the plant for milestones such as five years without an accident, 10 years, and so forth. We believe that is a very big part of our safety program. Giving that positive feedback to our employees has helped contribute to our record.

MR. THOMPSON: Thank you, Mr. Chairman.

MR. CHAIRMAN: Okay. Can we move to number two, merit . . . Oh, sorry, Stan.

MR. NELSON: Go ahead.

MR. CHAIRMAN: Is it still on this subject or another one?

MR. NELSON: Another one.

MR. CHAIRMAN: Okay. I thought we'd just try to get number two, merit rebate/superassessment. Any questions or elaboration required on their proposed submission here?

I just read that your company supports the continuation of the merit rebate/superassessment program.

MR. BEAUFOY: Not as it currently exists.

MR. CHAIRMAN: No, no; but the concept.

MR. BEAUFOY: In the concept and format that has been proposed both in the AFPA and in the Alberta Industry Task Force. That is correct.

MR. CHAIRMAN: Okay. Number of classes: any questions? Yes, Stan.

MR. NELSON: Mr. Chairman, to Mr. Beaufoy. Have you any thoughts as to how many classes you would feel comfortable with?

MR. BEAUFOY: In our recommendation, in the appendix, I think it's approximately 20 that we're recommending. The key for us is that we take a look at what the actual experience is when you make the classes, and not by risk. If you look at the current way people, groups, or companies are classified by the type of industry you're in — in other words, someone has assessed that that has a certain kind of risk, regardless of how the individual company is performing. We're recommending that it be done by experience rating, what your track record is.

MR. NELSON: In other words, you're suggesting that we take — well, let's take Procter & Gamble, for instance, where you have a number of different categories; just lump you into one thing and say, this is your assessment overall.

MR. BEAUFOY: That could possibly be one way, or you take a look at companies whose results are all in the same range, regardless of the type of business they're engaged in. You could take stepwise progression and get classifications or classes that way.

MR. NELSON: Would you support the area, possibly, similar to what government is doing, where Government Services have one rate for the whole service, as I understand it?

MR. BEAUFOY: I'm not familiar with that process, so I can't really respond to that.

MR. NELSON: I see.

MR. BEAUFOY: It sounds like it may be too overall encompassing; I'm sure if your experience is the same within that large a population.

MR. NELSON: But in your particular circumstance, as a company operation having an area of reasonable safety as against one that has a larger activity of incidents, would you feel comfortable with lumping the thing together, actuarially, and having one

assessment?

MR. BEAUFOY: That could possibly be the case. What the rate would be would obviously depend on where you come out in terms of experience.

MR. NELSON: Well, maybe I'll just digress one question which is sitting on the top of my toes here. Would you feel comfortable in having better or more private-enterprise representation on the Board, possibly even by increasing the number of Board members, to have more input into the activities of the Board?

MR. BEAUFOY: Yes.

MR. NELSON: Thank you.

MRS. FYFE: You perhaps have answered my question, but I just want to understand. I don't disagree with you on reducing the number of classifications, but I guess in order to crystallize the concept in my mind I would like you to answer or consider how we would overcome the concern of employers that would face being included in a large classification, those in the lower risk having to share the costs of those in the higher risk. You have said that they would base it on performance. But if you based it on performance, I'm not sure that we wouldn't reach almost as many classifications as we have, just based on a slightly different criterion. Maybe my question wasn't too clear.

MR. BEAUFOY: Let me try to answer. I think that would really depend on how narrow a spectrum you're trying to get your classes down to.

MRS. FYFE: Did you not suggest somewhere in the range of 12 major classifications?

MR. BEAUFOY: I think we have about 20 of them so far.

MRS. FYFE: Twenty. I'm sorry.

MR. BEAUFOY: And I guess what I'm saying is that it depends how narrow you want to get those results; if you want to get it very narrow or if you want to broaden it up a little. It depends on the amount of money you'd require to fund the total Board's functionings, and I think that's where you'd have to get actuarial people involved in deciding how that would work.

MRS. FYFE: I guess my concern is about those at the lower end of the fourth category who are going to pay a higher rate because they're in a larger classification. How would industry as a whole accept that?

MR. BEAUFOY: I think it would be a matter of that individual company either improving its performance so that it can stay down in the lower rate or accepting the responsibility of having poorer performance and having to fall up into a higher rate.

MRS. FYFE: I'm not sure we're talking about exactly the same thing.

MR. MARTIN: You're talking about the low risk.

MRS. FYFE: That's right. I was speaking about the low-risk companies that would fall into a certain category. Let's take the good performers in a medium-risk industry. They

fall at the lower end of the scale, and yet they may be paying higher than they are now because they are in part of a broader classification. If we're looking at a different principle of classification, this has to apply across the whole spectrum of industry, and I'm wondering how we as a committee can make that recommendation, how we would interpret the concern of industry.

MR. BEAUFOY: I can't give you a specific answer. A thought that comes to my mind is that you may have some form of a grandfathering process as you make a change from one situation to another. If you're stopping in midstream and going to change systems, you have to try to be as fair as you can to those who are doing a good job today, and there may be some form of grandfathering in terms of rates.

MRS. FYFE: I don't have an answer as to how much the administrative costs of the classifications are now. As I said, I premised my remarks on that I am not opposed to simplifying it at all. On the other hand, there may not be that much significant savings. It may be interpreted by industry that there may be people that are treated less fairly than they feel they are now. Maybe the merit rebate/superassessment would be a more accepted way to go to penalize those that maybe aren't taking as much care in prevention as many of the members of industry now feel they should be.

MR. BEAUFOY: I think we could word it differently: it would provide greater incentive to people to improve their performance, or for those who are having good performance to continue that . . .

MRS. FYFE: Yes.

MR. BEAUFOY: . . . versus right now, where there's a negative reward.

MR. CHAIRMAN: Could we then move on to any questions on number four, assessable earnings? Yes, Ray.

MR. MARTIN: What you're suggesting is a little vague, other than you'd like to recommend that the WCB solicit input if they raise the maximum assessable earnings. I certainly know that Alberta's wages were higher, especially in the boom times of the '70s. Are you suggesting that that remain the same, that it be lowered, or that it be the same but any future increases that input be given?

MR. BEAUFOY: The latter one is definitely yes, we'd certainly want input in any future changes. In terms of your first question, I think it's in one of the other presentations that's been put in by the Alberta Industry Task Force. They have data in there regarding a survey done by insurance companies across Canada. In terms of what we end up by providing average compensation, our province is certainly higher than what it should be. Newfoundland has the highest, I believe. We believe it is high right now. Whether it's viable and realistic to expect that it's going to get reduced, I'm not sure if that's what we expect. We certainly have some people who are earning that level; we need to make sure they are getting the correct compensation. But we feel that the jump that was done by the province several years ago was excessive. It was not necessary at that time, and probably at this time it is still slightly excessive.

MR. MARTIN: Just to follow up on that, you're suggesting that at the time that was too big a jump, that maybe it was realistic in terms of wages but was too high on companies to handle that big a jump at one time. Is that what you're saying?

MR. BEAUFOY: And I don't know if it was realistic. I don't believe it was realistic at that time. I think you made the statement that maybe it was realistic versus wages at the time. I don't believe that was the case either.

MR. MARTIN: Okay.

MR. CHAIRMAN: Just a supplement to Ray's question. What have you looked at as the percentage of workers that should be covered by the Act at full wages? As you know, the boards across Canada have tried to keep their coverage of workers at full earnings at a certain percentage. Some ballpark figure that was used was that between 85 and 95 per cent of workers would be covered at their full earnings. The principle of a worker giving up his right of legal action against the employer was for loss of earnings. What has your company, your association, or yourself considered would be the percentage? We know the recommendation in the 1980 report was no ceiling, and then we came down in legislation with a ceiling of \$40,000, which in 1981 was about 95 per cent of the workers covered by the Act were covered at their full earnings. What is your opinion?

MR. BEAUFOY: We have not actually determined or calculated or come up with an assumed percentage.

MR. CHAIRMAN: Do you feel that a worker should be covered at his full earnings?

MR. BEAUFOY: If it's for an extremely short period of time that he's off compensation, then probably he should be close to his full earnings.

MR. THOMPSON: Mr. Chairman, on page 15 of your submission you have P & G average 1983 wage rate is \$33,300. If that's the average of your company's wage rates, \$40,000 doesn't seem particularly excessive to me at the present time. You may be correct in saying the last committee was overenthusiastic in that area. But if your average rate today is 33,300, I can't see where \$40,000 is too far out of line at the present time.

MR. BEAUFOY: My comment on this side was that we did not see it viable to probably make a change at this time. We do have some employees up there, but the average is a close band around the \$33,000-\$35,000 range.

MR. CHAIRMAN: Okay. Any questions on the section on information?

MR. MARTIN: Just a follow-up to enlarge on this a little more. You suggest that a clear communication link be established between the WCB and industry to allow for timely exchange. Can you just enlarge on what we mean by "timely exchange of information concerning Board decisions on claims"?

MR. BEAUFOY: For example, if an employee has gone to the Board on a claim, frequently, if not all the time, the way you find out the claim has been awarded in his favor or whatever has happened to it is a copy of a letter that went to the employee along with his first cheque. We as the employer get the letter at about the same time as the individual has it. So if we did have any dispute with that claim, the individual has already received first payment. That's an example.

In terms of meeting with the various classes to discuss rate changes for future years, historically it's been almost a lay-on type meeting as to this is what is going to happen, with little room for some opportunity for discussion. We need to say very clearly,

though, that this past fall, October/November, we did have some very good meetings, through our association, with Jim Thomson and Mr. Bahry on various things that we needed to look at in terms of the rates for the various classes we were associated with. So there has been some form of improvement in that area. That kind of thing needs to continue and grow.

MR. NELSON: Just one thought. Basically, from what you are saying I get that as industry is paying the shot, you want to have some say in what is happening.

MR. BEAUFOY: That's one way to put it.

MR. NELSON: Well, I'm kind of a blunt person. Thank you.

MR. CHAIRMAN: Number six, campsite policy. I trust you're aware that the proposed policy has been mailed to certain employer groups. If you're a recipient of that proposal, I would hope that you address it and put your submission in.

MR. BEAUFOY: We will.

MR. CHAIRMAN: Number seven, health and safety.

MRS. FYFE: I guess I'm a bit curious as to the reason you've put in number seven that Occupational Health and Safety and Workers' Compensation should be brought together to promote safety and accident prevention. Why would you see that would be an advantage? Why would that reduce accidents?

MR. BEAUFOY: One of the things we have found extremely frustrating is that the WCB seems to act as: the horse is out of the pasture, let's go and find him. You're always dealing with chasing accidents, paying for compensation, whatever the case may be, whereas the individuals who are in this area with Occupational Health and Safety do an admiral job and work with us. It's usually when something has happened on the site, that we are unfortunate to have an accident, and they arrive and that's it. Very rarely, because of the few people and the few resources they have and the tremendous area they have to cover do we ever have the opportunity to interface in a good manner before the fact, or preventative-type measures. If you can bring the two groups together, or even if they stay as two separate groups, there's a lot more liaison between the two, plus the proper resourcing of the OH&S group, I think we can do a lot more to prevent ourselves from worrying about why compensation is costing us so much. We can prevent some of the accidents and injuries from happening.

MRS. FYFE: So you're not necessarily saying that they should become one agency, but more that there should be a close liaison between the two.

MR. BEAUFOY: Whether they become one agency or a stronger liaison, there needs to be a greater interrelationship between the two, and improvement in resourcing of OH&S.

MRS. FYFE: Certainly the Gale Commission recommended separation of those two functions, and in many other areas of government the regulatory bodies, as opposed to the financing or inspection authorities, are much better separated. That's why I was a bit curious as to why you would have included this recommendation.

MR. BEAUFOY: This may be more speculative than objective, but I think not only was

there a separation of the departments of the two groups, but I think there was also a large drop in morale in the group as well when, in essence, they found that they were not working as closely with the Board, the workers' compensation group.

MR. NELSON: I'd like to pursue this issue a little bit. Would you not feel, I guess similarly to industry in many cases where you have your personnel office working closely with your health and safety people, that you could co-ordinate activities with a joint unit rather than having occupational health and workers' compensation separated? In other words, if they were together, would you not feel more comfortable being able to deal with one or two people in a particular organization rather than having one arm here and one arm here and trying to co-ordinate something between your activities and the activities of two arms?

MR. BEAUFOY: I'm hesitating because I think if there is good co-ordination between the two groups, they don't necessarily need to be under the same roof. However, sometimes if there's one head, shall we say, that one head may make sure the two arms are working together, whereas if you have them under two organizations there could be a tendency to go separate directions or even parallel but not getting together, depending on how it's being managed overall.

MR. NELSON: Would you not feel that you might be able to obtain some cost efficiencies and also some efficiencies in the area of protecting the industry and the workers by having one head, possibly with the two arms? I guess an example would be if you have a safety officer that is able to deal with compensation in your plant, for some reason to look after the operation of that plant as far as a safety factor of the employee and also the protection of your dollar — would you not be better off?

MR. BEAUFOY: I think so. There's also another example, and one of our recommendations is that before a WCB account be granted to someone, there needs to be some field inspections of the various— whether it's a logging contract or whatever, to make sure that he does know what safety is, that he does have the right equipment. There have been cases where contractors have been allowed to work with very improper equipment, yet they have a Workers' Compensation Board account. That's just inviting trouble. As you say, if they're one and the same there'd be a closer link and relationship between the two.

MR. CHAIRMAN: Because we're moving into a time frame, can I just ask any guests to move along on any of the others that are left yet.

MR. R. MOORE: I thought you were going to eight.

MR. CHAIRMAN: Yes, we could move on to eight or nine. Go ahead.

MR. R. MOORE: Under the insurance guardian section, you say that "the WCB cease to be the social conscience of industry", and then further on in your recommendation, "any Government changes that require additional funds should be supported" by government funding. Are you indicating there that you feel that perhaps the WCB is getting more into the social area instead of the insurance protection of the worker?

MR. BEAUFOY: Yes.

MR. R. MOORE: Are you saying that there is a swing to that? And if we're going to put

more social emphasis, we should be prepared to pay for it as a government?

MR. BEAUFOY: That's partially it; also, for example, I think it's Bill 38, where the Alberta health care costs are now going to have to be incurred by the Board. I think that was a government decision. It turns out the industry will have to bear that additional cost. I think the financial statements for the Board will indicate what that will do to it. Secondly, when the government may indicate or decide it is time to put cost of living allowances or whatever onto pensions, those will suddenly become major impacts on rates we have to pay.

I think those are decisions the government makes, and they need to be prepared to step in. I believe in some of the other provinces, those kinds of changes are absorbed in the general funds of the province versus from the particular classes that are involved.

MR. CHAIRMAN: Excuse me, I must check you on that. Alberta is the only province that has funded through general revenue pensions prior to '74. All other funding in other provinces to my information, and we'd both better double check, is done through assessments. So there is some funding for all prior to '74 pensions. It's funded through general revenue of the province and done annually.

Go ahead Ron.

MR. R. MOORE: To carry on from eight to nine, really it comes in along the same lines. Where you're saying we're footing the bill and we should have more say and the Board should be more accountable to us, the government is bringing in social (inaudible) and saying here, we're looking at the social end of it and saying you pay the bill. Where do you see that the government should be in it? Do you think we should just be there for legislation purposes, and that the Board be accountable and answerable to the industry?

MR. BEAUFOY: No, I'm saying that we need to make sure that all employees, anyone — we're all employees — who is injured is getting the appropriate compensation. I think what has occurred in the last several years there have been changes to the Act and so on is that it's becoming overly lucrative, shall we say, to be on compensation at times than it is to be at work. Is the incentive in the right place? Is it becoming more an automatic handing out of money versus the appropriate standards, guidelines, and regulations which the Board follows versus some loose policies that may exist.

MR. MARTIN: Just to follow up on that. Surely the procedure we went through — I'm not an expert, but there are people here. I get all sorts of complaints about where compensation isn't treating me fairly; I think every MLA does. So there's a different perception depending where you're at. Surely the only way the Board — they deal with medical doctors; those are the people who make the decision. If people are being on compensation longer, then surely that's a problem of the medical profession.

MR. BEAUFOY: I'm not in a position to take on the medical profession.

MR. MARTIN: But I mean they're the ones that the Board has to base it on. Whether a person's injured or not is surely a medical decision. That's all they can go by.

MR. BEAUFOY: That's right. They may give you a medical opinion, but the Board makes the final decision as to what needs to happen regarding compensation. I'm not suggesting people shouldn't be on compensation; far from it. I'm just suggesting that we need to make sure it is fair for all involved.

MR. MARTIN: No, I was following up the statement where you say many people are being on longer than they should. The point I'm trying to make is that I would understand that that's a medical opinion, that's what people mainly have to go by.

MR. BEAUFOY: It's my understanding, and I'm sure you as Board members — some of you are on the Board — understand that in recent years when things have been economically tight and tough, the number of people who go onto compensation and the length which they're on compensation is a lot longer and more people than it was prior when things were, shall we say, in a boom situation. I believe that the doctors, at the same time, tend to be maybe a little more lenient, shall we say, in how they come down with a medical decision. I've heard those statements coming from members on the Board.

MR. CHAIRMAN: Any others, because we are running out of the time frame.

MRS. FYFE: Just a very quick point on the cost of medical coverage. You made the statement that you're now paying twice. I think the regular citizens, taxpayers in the province, could maybe make the same argument, that they're paying for their costs and then in addition having to pay the cost of injuries that take place in the work place, which is a separate program, the same as an individual going for an insurance medical or a pilot having the requirement of a medical; that's an individual charge that is not normally applied to the general population. Do you not feel that by reversing again, which would probably be extremely confusing, it would provide a disincentive for those employers that are not pulling their socks up in the prevention area? If the medical costs are direct charged, that is part of the direction we see in this province of more user pay, more responsibility for the action that we take ourselves.

MR. BEAUFOY: I'm sure there'd be some people who are concerned. I think one of our major concerns around this whole Bill 38 was the way the government vacillated in terms of what the decision was. I believe prior to that Bill the decision had been budgeted for in one way, and then there were some internal whatevers that indicated it hadn't been covered by either department, and the budget for the Board had been put up in such a way, the rates had been assessed in such a way based on that. Then the Bill comes down, and suddenly the Board is faced with carrying these extra Alberta health care costs for a period of a couple of years that had sort of been held in limbo.

MR. CHAIRMAN: Okay. I must conclude this and say thank you to you, Mr. Beaufoy and Mr. Shaddy, for the submission. There may be further discussions. I know this was a well-prepared submission. You can tell your superiors that we thank them for permitting you to spend some time. I only have one question to Mr. Shaddy, and it's not tongue in cheek. You're the manager for health and safety. Can you just quickly let the committee members and myself know what is the qualification of a person like you to become a manager for health and safety?

MR. SHADDY: For health and safety, the Proctor & Gamble Company puts the health and safety manager through a formal qualification process. It's a correspondence course running over six months, through our corporate headquarters in Cincinnati, that deals with all aspects of industrial hygiene and safety management. It culminates with a week-long examination and seminar session down south. So our company has formally qualified me in the area of safety and hygiene, and I am now in a position to carry out the company direction and standards in the Grande Prairie operations. That's my background with the company.

MR. CHAIRMAN: Okay, thank you very much. We'll get a five-minute intermission to permit Dr. Wood — is he present? — to be set up and to permit the gentlemen from Proctor & Gamble to pick up their material. Again, there's coffee available, and I see the secretary has arranged for some doughnuts for some of the more slim ones.

(The meeting recessed at 10:45 a.m. and resumed at 10:50 a.m.)

Alberta Chiropractic Association

MR. CHAIRMAN: If I may have order in the room, I want to welcome Dr. Wood, president of the Alberta Chiropractic Association. I want to say that you let me know that you don't have too long a presentation. That's why I let the coffee break go a few minutes longer than that. Go ahead, Dr. Wood.

DR. WOOD: Thank you, Mr. Chairman. You might get an early lunch break.

Mr. Chairman and committee members, the officers and members of the Alberta Chiropractic Association do appreciate the opportunity of presenting this brief today, regarding the Workers' Compensation Act and the administration of that Act.

First, let me state that we have enjoyed a very compatible working relationship with the Workers' Compensation Board over the years and are pleased to be able to provide input to the proposed revisions of their operations. We will address four major areas of concern to our profession: number one, the payment of claims directly through the Workers' Compensation Board rather than the present system through the Alberta health care plan; second, better control of filing of late claims by workers and acceptance of same; three, the inclusion of extremity adjusting by chiropractors; and four, the inclusion of chiropractic evaluation and treatment facilities in any expansion of the rehabilitation services at the Workers' Compensation Board. The following is a brief explanation of each of the above points.

Number one, payment of claims. We strongly recommend the return of payment of claims directly from the Workers' Compensation Board itself rather than the present system of payment through Alberta health care, to eliminate confusion experienced in filing reports — the initial report, the progress report, and the final report — in deciphering payment advice, and in procedures when claims are rejected by the computer. A case in point occurs when a treatment extension is granted by the Workers' Compensation Board and the claims are then rejected by the computer at Alberta health care as it has not been fed the information necessary to process the claim under the extended time frame. The present system is, in our opinion, not the efficient system it was intended to be. Therefore we respectfully request that the Workers' Compensation Board revert to the old plan of receiving, paying, and otherwise handling all claims.

Number two, the control of late filing. Our profession has experienced numerous difficulties with claims filed up to six months after the fact. There are exceptions, we realize, but there also appears to be a certain amount of abuse by the workers. A particular problem occurs when a worker has been a regular patient for two or three weeks and there appears to be no job-related injury, so regular health care and office billing procedures are followed. Then the worker files with Workers' Compensation Board, is accepted, and the resulting book work and refunding of money can become extremely laborious. We realize that the Workers' Compensation Board is for the benefit of the worker, but in some cases such as mentioned there does appear to be some tightening of control required.

Number three, extremity adjusting. The treatment of extremities is part of the

scope of the practice of chiropractic, will be included in the new Act presently being drafted for our profession, and should also be included in the criteria for payment of claims to our profession by the Workers' Compensation Board.

Number four, we propose that chiropractic evaluation and treatment facilities be included in the present or in any future expansion of existing facilities. This will eliminate duplication of services, allow for staff to become more knowledgeable of chiropractic care, increase the value of chiropractic care in treatment and rehabilitation of injuries pertaining to the spine, and facilitate follow-up care outside the rehabilitation facility. The availability of combined medical and chiropractic services will benefit injured workers with chronic conditions necessitating follow-up care, workers having two separate conditions resulting from the same accident and requiring different approaches, and short-term conditions following crisis therapy requiring chiropractic care.

Mr. Diachuk and members of the committee, we thank you for your attention to our submission, and we are available to answer any questions you may have.

MR. CHAIRMAN: Dr. Wood, since the last review of the Act there has been a liaison officer assigned to the Board, a member of your profession. Possibly for the benefit of the committee, can you just touch on that? It's not part of your submission. But that's good news, and I thought it would be information for the select committee members.

DR. WOOD: Yes, Mr. Chairman. We have been negotiating with the Workers' Compensation Board for a number of years to have a liaison officer from our profession on the Board. Dr. Bryan Redpath, from Edmonton, has been appointed to that position. He reviews any questionable claims and reports that come from members of our profession to the Board. He reviews them and reports to the Board.

MR. CHAIRMAN: Does he also report to your association on any problem ones that he ...

DR. WOOD: Yes, he has.

MR. CHAIRMAN: Any questions?

MR. NELSON: Yes, can I just jump in with one? Dr. Wood, on the fourth point in your brief, how would you determine getting around the physicians/surgeons? I think they're having some difficulty co-operating with the chiropractic profession, being a party to the area they kind of have a select piece of work in.

DR. WOOD: We don't feel that this is any problem at all. We feel we can work hand in hand. We are prepared to work in co-operation with the medical profession as such in any facility the Board may establish.

MR. NELSON: Would your organization be amenable to possibly working with the College of Physicians and Surgeons to reach some type of internal agreement prior to ... In other words, you guys do the legwork to get some agreement between the two parties before we were to make some changes. From our tour of one of the facilities, the facility in the rehab centre in Edmonton, I got the impression they were not overly excited about having chiropractic care within that particular facility. It would probably mean legwork between your organization and the College of Physicians and Surgeons to reach some type of agreement.

DR. WOOD: Mr. Nelson, we have been working toward that goal for years. We have

been in constant communication with the College of Physicians and Surgeons, particularly in this last while with the presentation of our new Act, and we have gotten nowhere; there has been no response to our communication. But we are prepared to work diligently to a co-operative agreement. Maybe some legwork has to be done from that side too.

MRS. FYFE: On your second point, Dr. Wood, regarding the control of late filing, you've raised the problem; what would you see as the solution to it?

DR. WOOD: If I may explain the situation. Maybe I can even get personal on this. We have a worker that comes in, and he's been under care three or four weeks. It seems he feels all of a sudden: hey, this should be covered under the Workers' Compensation Board.

MR. CHAIRMAN: We've been given to understand that usually it's the chiropractor that motivates the worker to make a claim.

DR. WOOD: Well, we try not to, because on the forms we file it says: is there any doubt on this question? Is there any question that this is a workers' compensation, job related? And we fill that out. We have directed our members to do that, so we have. But then in up to six months they say: hey, this has been job related, and I can get this on compensation. Then we have to reverse the whole procedure. I just had one completed this week that started off last April, by the time we reversed entries into the bookkeeping system.

MRS. FYFE: Just to clarify in my own mind. It's a question I should know the answer to, and I don't. The amounts you can claim under the health care system are not related to the workers' compensation claims now? They're two separate . . .

DR. WOOD: There are two fee schedules, that which is Alberta health care and that which is Workers' Compensation Board.

MRS. FYFE: Is there an upper limit on Workers' Compensation, the same as . . .

DR. WOOD: Six weeks' care.

MRS. FYFE: So it's a time period rather than frequency of visits.

DR. WOOD: We're not worried too much about that time period of care, because that's five to six weeks. We can always ask for an extension, which we quite often get.

MRS. FYFE: So one of the points you're making, then, is that the medical assessment at the Workers' Compensation Board is not considering the report you have put forward?

DR. WOOD: No, that's no problem at all. We have no problem in that regard.

MRS. FYFE: If you have made a report that this is not related to an injury at the work place, and the claim is accepted, are you saying that they haven't considered . . .

DR. WOOD: The investigation committee has probably found — and we know this; they do a good investigation — that the worker is job related or he tells a good enough story that is job related.

MR. CHAIRMAN: But, Dr. Wood, am I not right that your problem is that the refunding starts then? It's the refunding that the chiropractor has to then make to the health care commission and submit to the . . .

DR. WOOD: Maybe I could go back a little farther. They have gone through the normal Alberta health care insurance program, and we have that bad terminology, balance billing.

MRS. FYFE: Extra billing, we call it.

DR. WOOD: This has gone through our bookkeeping system. Our regular fee through Alberta health care and balance billing is greater than that which is paid for by Workers' Compensation Board. So we refund the patient which we have got through balance billing and refund Alberta health care, which throws their computer and our bookkeeping into turmoil. Then we have to go back through the Workers' Compensation Board with another code system to get paid through the Alberta health care payment plan. As I said, one that I had just recently was started in April, and I just got it cleared up this week.

MRS. FYFE: So the new Bill 38 should rectify some of those difficulties you've had, but not those that are of a . . .

DR. WOOD: I'm not quite familiar with Bill 38.

MRS. FYFE: This is the billing that would be carried out through Workers' Compensation rather than the medical plan.

DR. WOOD: It would be a lot simpler if we got back to the old system.

MR. MARTIN: Just to follow up on that. Other than abolishing balance billing, which would help, what could be done? I understand your problem. It's a bureaucratic nightmare for you. But I'm not sure . . .

DR. WOOD: I think probably if we could say there's a limitation on when they could file a claim. Presently, I understand we say that within 48 hours of the injury, there should be a claim filed. I try to stress this to the workers as they come in the office. But if there was a limitation saying, okay, you file a claim within two or three weeks instead of six months afterward, this might be. But as we say, we realize that the Board is there for the benefit of the workers.

MR. CHAIRMAN: The problem arises with being able to make it retroactive to the date the medical care was provided by your member.

DR. WOOD: I had another one the other day. It went back seven years to file a claim.

MRS. FYFE: I don't think we can ever overcome that, with the industrial diseases as another area, for example. But the same principle would have to apply.

DR. WOOD: Remember, though, that we're probably treating in an area of acute injury, more than an ongoing . . .

MRS. FYFE: I know you are, but I'm just saying that the same principles would have to

apply. I don't see how we could strictly enforce it. If it's something like a back injury, obviously some of the symptoms may be latent and a further aggravation of the condition . . .

DR. WOOD: If they would just tell us that within the two weeks, instead of six months afterward.

MRS. FYFE: Maybe they don't know, though.

DR. WOOD: Oh, I think most people know they've been hurt.

MR. CHAIRMAN: What difficulty would your profession have, with regard to Mrs. Fyfe's question, with that worker only being able to open up a claim from the time that it's determined it's a Workers' Compensation claim and no retroactivity? When I read the control of late filing, the only thing I could come up with would be that there would be no retroactivity for compensation, but that the claim starts from the time . . .

DR. WOOD: Again, that's not fair to the worker either, is it? We're in a turmoil here, I know.

MR. CHAIRMAN: He will go back after one of your members, because you advised him too late.

MR. NELSON: Well, only the worker knows if he's been injured on the job.

MR. CHAIRMAN: Maybe you want to clarify how this happens that it becomes a work-related disability after six weeks.

DR. WOOD: This is the confusing part of it, in that they come in maybe six months afterwards and say: hey, I did hurt myself on that. Maybe we get the guy who's been laid off the job, and he's out of work. He says: hey, I'll go back on compensation; I did hurt myself six months ago. This is happening more frequently, and I think it's because of the economic state too.

MR. CHAIRMAN: Any other questions of Dr. Wood?

Thank you very much, Dr. Wood. I do want to say that I did ask for that clarification, because I've heard some good reports on your colleague that serves as a liaison officer and that's the time he usually looks at. When a chiropractor in Alberta asks for an extension of that six weeks, the Board now has the opinion of a fairly responsible member of their profession, and they can police it themselves for any abuse. Am I right?

DR. WOOD: That's right.

MR. CHAIRMAN: So we want to thank you for that.

DR. WOOD: Mr. Diachuk, let me answer Mr. Nelson's comment. Our Dr. Redpath is working very closely with the medical practitioners on the Board.

MR. CHAIRMAN: Yeah, they have coffee and lunch together.

Thank you very much.

If we still have a few minutes, did you want to find out where Mr. Clark is?

MR. LEWIS: I'll see if I can find him.

MR. CHAIRMAN: Find out if he's landed. We'll have a five-minute break here.

The secretary did mention that there was somebody here that isn't on the schedule, some contractors. I want to assure you that at a time like this, if we really have fifteen minutes, we'd welcome you to come forward, introduce yourself, and be prepared to have you make your oral submission. That may be putting you on the spot. You did let the secretary know you're sitting in there in the public, so please come forward. This is the time.

Good. We have a volunteer.

Mr. Randy Loewen

MR. LOEWEN: Somebody's got to say something about it.

MR. CHAIRMAN: I trust that if it's a claimant, we will assist you through my secretary here. But please introduce yourself for the benefit of the committee.

MR. LOEWEN: I'm Randy Loewen, and I contract at Canfor. All I can really say about it is that rates, our logging rate and everything, have changed very little in the last few years, but your rates can change whenever it seems that you need the money. But we can't; we've got to pay it out. We haven't had very much say about it, really.

MR. CHAIRMAN: Randy, are you an independent operator, a proprietor?

MR. LOEWEN: Yes.

MR. CHAIRMAN: So you're a one-man operation.

MR. LOEWEN: Well, I was the year before. This year it's going to change again. Last year I ended up paying out quite a bit more, because I did get more machines.

MR. CHAIRMAN: So you became an employer, in the sense of the . . .

MR. LOEWEN: Yes.

MR. CHAIRMAN: Do you want to cover both aspects, first of all as a proprietor, independent operator?

MR. LOEWEN: When they changed the Act on the proprietor, that made it really tough for me. We had a lot of problems with our company because I cannot contract to them without having compensation and, as far as the Board was concerned, I didn't have to have compensation, being a proprietor. Then I had a lot of trouble trying to get compensation, being a proprietor. It caused a lot of trouble there for a while. Eventually . . . I forget, what did we end up with? I think the company kind of bent my way a little to let me through.

MR. CHAIRMAN: In February of '82, there was a direction of the Board which changed their policy, to permit people that were proprietors with heavy equipment and so forth. That's why I'm eliciting some suggestions from you. What do you see? Because in '79,

the select committee really had a difficult time with regard to the proliferation of independent operators.

MR. LOEWEN: That caused a lot of trouble. The way things are now, me being a contractor to Canfor and having employees, I like to have contractors under me too, for certain parts of our operations that we do, like our falling, and I like to give out bucking contracts too. Those people cannot go and get a proprietor's number or anything, because they don't own a heavy piece of equipment. I don't know what the Board would say a heavy piece of equipment would be. I mean, they won't give it to somebody who owns a power saw or five power saws, to be able to get compensation for himself.

I've gone in and asked. I own my skidders. I wanted to know if I could take my faller and my operator and rent him that skidder, and then they could go in and get a minimum coverage or a maximum coverage. I'm going to try it this year. I know you have to be able to do something about it, because we can't afford to pay what we're paying right now because of our increases that haven't come. I mean, Canfor can't do it or P & G can't do it either, because it's just not there.

MR. CHAIRMAN: What do you see about the possibility of the proposal the Alberta Construction Association and some other associations made: a prepayment of their account. In other words, an independent operator would prepay his coverage. Then there wouldn't be the problems the Board has had with opening up an account, then the independent operator cancels it, and you as the principal go out there and try to get a clearance and find out that his account isn't paid up, and there are all kinds of problems. Have you seen that proposal?

MR. LOEWEN: No, I haven't personally read it. I'm . . .

MR. CHAIRMAN: . . . too busy working.

MR. LOEWEN: I'm kind of ignorant about a lot of those things. My wife knows a lot of that stuff. She does the looking after it.

MR. CHAIRMAN: Do take a look at it, because that's been my concern. There are a lot of these independent operators that did welcome this approach, but we didn't move on that policy. That's why I asked you, Randy, if you would pay six-months' coverage. Then you'd have a certificate for six months, and you don't have to get clearances and all that. That would eliminate the arrears and the no payments.

MR. LOEWEN: Something like that would probably be okay.

MR. CHAIRMAN: But that would be more than \$25, which has been the minimum amount to open an account. Stan, a question on that?

MR. NELSON: I just wanted to get to the bottom line here. Randy, you're suggesting that as a proprietor of a company that you operate, you have difficulty getting a contract with this company, Canfor, to provide them services, because you don't have a Board number, yet you are having difficulty getting compensation, or a Board number, because you are a proprietor operating your own business?

MR. LOEWEN: That's right. When they first changed it, I didn't qualify.

MR. NELSON: Did they give you a reason why?

MR. LOEWEN: Because I wasn't actually contracting right to Canfor. I was subcontracting — not really even subcontracting. I was working with another guy that had his compensation Act and everything. I put a machine working with him on the same job, doing exactly the same thing, and I was being paid by him. The way the compensation Act came out, he would have had to pay my compensation. On paper, I was paying my share of the falling and my share of everything that was being done on that job. The Compensation Board said I wasn't a proprietor. They didn't class me as a proprietor.

MR. NELSON: Therefore you were not operating as an independent company or as a proprietor. You were subcontracting to a subcontractor as such.

MR. LOEWEN: I had my own machine and paid my own . . . What stopped it right off the top, I didn't have . . .

MR. CHAIRMAN: You weren't incorporated. That was the first qualification they asked for.

MR. LOEWEN: Yes, they wanted that, and I didn't have anything like that. Then they classed me the same as a faller. I had a piece of heavy equipment, yet in their eyes I wasn't a proprietor yet. I had to have somebody working for me on a payroll. I did, but they weren't in my name; they were in Barry's name, and I was paying him. That comes right around to our falling contracts and our bucking contracts. We like to give it out, so we don't have to worry about those two pieces of it; somebody else can worry about it. But they can't go and get compensation.

MR. CHAIRMAN: Without presently having some heavy equipment?

MR. LOEWEN: They call it heavy equipment. Now how do they draw the line on heavy equipment?

MR. CHAIRMAN: That's good. Okay, any other questions of Randy?

Randy, you did say something about the rates. Can I just ask you to indicate: are you satisfied that when you are a proprietor under the Act, an independent operator, you then have 24-hour coverage, which others don't have, yet you're paying the same rates the other worker working for an employer has for only eight hours' coverage. That abuse has come to my attention, and I would like your comments on that. You said the rates are too high, but when you have 24-hour coverage for the same assessment rate, there is some concern there.

MR. LOEWEN: I don't really think it's the same rate is it? I take out a minimum coverage on me, and for my working period — I work for four months a year — I pay \$430 or something like that. I have employees working for me, fallers that are working for me that I'm paying. I think I paid some \$30,000 last year on between 10 and 12 men. I can't see why I couldn't take out a \$430 coverage on each one of those guys.

MR. CHAIRMAN: That's one that I'm glad you raised here for the members of the committee. But I was asking you about just you as an independent operator having no employees. Under the previous Act, and even now, you have 24-hour coverage.

MR. LOEWEN: That's right.

MR. CHAIRMAN: If you have no workers.

MR. LOEWEN: If I have no workers. Yeah, I know. Personally, I don't really feel compensation is the right thing. I have an insurance policy that covers me better than compensation does.

MR. NELSON: This insurance policy is for accident and health, is it?

MR. LOEWEN: Yes.

MR. NELSON: And does it cost you less?

MR. LOEWEN: Yes.

MR. NELSON: For better coverage?

MR. LOEWEN: I would say so. I talked to John earlier today. I don't want to talk too much about it.

MR. NELSON: I have a reason for asking.

MR. LOEWEN: I will bring more information onto it.

MR. CHAIRMAN: Stan is asking a valid question. But you have to appreciate that under that private policy, you have a limit on coverage, the amount of time you're covered.

MR. LOEWEN: Yes, you're right there.

MR. CHAIRMAN: You don't have to pay health care refunds, right?

MR. LOEWEN: That's right.

MR. CHAIRMAN: So you don't get the same coverage, Randy. You get a better price.

MR. LOEWEN: But for me personally, with my job and stuff, I'm looking for the most economical way for me to do it. It's getting to the point there has to be something done about it. I mean, 12.25 per cent was high on the wages that we paid. Somebody gets hurt and, like you say, they get 80 per cent of their wages at the time that they're working and up to \$40,000. I don't know a faller in the bush that makes \$40,000, but he can make up to \$18 an hour or more. Then if he gets hurt, he gets that full rate. I don't think that's right either. He gets his \$40,000 because he only works four months a year, wouldn't he?

MR. CHAIRMAN: No. That's inaccurate, Randy. He gets 90 per cent of his net wages that he actually receives.

MR. LOEWEN: From that company?

MR. CHAIRMAN: Oh yes. The Board will compensate, but the ceiling of \$40,000 is there. If he's earning up to \$40,000, he will still collect between, say, \$27,000 and \$32,000. Am I right, Al, around there?

MR. RUNCK: It's in that range.

MR. CHAIRMAN: It's in that range, between \$27,000 and \$32,000 of compensation per year if he were 100 per cent disabled.

MR. LOEWEN: So then — I had a faller hurt. If he'd worked for me for two and a half months and made x number of dollars in that two and a half months, that's all that it would be based on that he would get paid back?

MR. CHAIRMAN: It would be averaged out over the year, and if that average would arrive at \$40,000 . . .

MR. LOEWEN: See, that's not right, because he doesn't make that much a year working for me.

MR. CHAIRMAN: There are some submissions in today's hearings that address that, Randy, the concern about the seasonal worker in a compact time may earn more, but the suggestions are that they average it out over the past year's earnings and so forth. That's one we have to address.

I want to say thank you to you.

MR. LOEWEN: Thank you.

MR. CHAIRMAN: Is there any other contractor present who wants to come forward? I gather Mr. Clark should be here about 11:30, I'm told.

MR. LEWIS: He's supposed to be on his way from the airport now.

MR. CHAIRMAN: Oh, he's on his way from the airport. Please come forward, then, and introduce yourself. We sort of have an opportunity here.

Mr. Larry Cook

MR. COOK: I'm not much of a public speaker, so I jotted a few things down last night.

MR. CHAIRMAN: Do you just want to introduce yourself?

MR. COOK: My name is Larry Cook. I'm a small logging subcontractor, employing two to five men annually over the past 18 years. Over these 18 years, I have watched our compensation rates go from moderate to high to the present rates of 16.25 per cent which, to put it bluntly, is too much. We can't afford it; the money's not there to pay it.

Now I'm not here to try to convince anyone that the logging industry is a safe occupation. We as contractors and the companies that employ us are constantly striving to improve our safety records by all means at our disposal. But logging, by its very nature, is dangerous, as our compensation rates show.

However, there's something I'd like to point out to you, some statistics taken directly from Stats Canada in 1980. Number one would be that directly or indirectly, the forest industry provides Canadians with one million jobs. And number two, the Canadian forest industry earns more foreign exchange than the combined exports of oil, gas, and coal. They earn 25 per cent more than agriculture, 10 times more than fisheries. It accounts

for one-fifth of all exports, and as our largest dollar earner brings in over \$9 billion a year. This was in 1980. The federal government receives \$900 million a year from this and the provinces roughly the same.

Therefore I feel it is very unjust to be penalizing a small group in a huge industry, especially one that is so vital to our own country's well-being. Surely governments at both the federal and provincial level should be picking up some of these high rates, considering the millions of dollars they take in as a result of our labor in a very dangerous industry.

Thank you.

MR. THOMPSON: Well, it's not on your submission but, basically, I would like to get some kind of feeling that you as a small operator have for the occupational health and safety factors that are in the industry. Do you have much contact with the department of occupational health and safety and that type of thing?

MR. COOK: Yes, they are out there.

MR. THOMPSON: What's your assessment of them?

MR. COOK: Well, they do their best, I guess. But it's very difficult for anybody that hasn't been in the industry to realize the dangerous conditions that you have to work under at times. You get wading around in a couple of feet of snow, and the trees are loaded with snow, and people are going to get hurt. It's as simple as that. If you are going to have wood products, you are going to have accidents. I mean, we're always trying to make it safe, and we've got a pretty good record. In the 18 years that I've been working, I've had one man hurt badly and I've had a couple of minor injuries. I have seen two or three personal friends killed. It's just a dangerous industry.

As long as we're going to be hand logging — which economics say we have to for several years yet — we're going to have accidents. But the 16.25 per cent passed on to a few thousand people can't continue. Like I mentioned here, the costs are going to have to be shared. That's what it's coming down to.

MR. CHAIRMAN: Johnny, anything else?

MR. THOMPSON: No, that's all. I was just interested in the occupational health and safety factor.

MRS. FYFE: What you are saying, then, is that the percentage you are paying in rates is increasing faster than the wages or the amount that you're receiving in your contracts. Is that basically the bottom line?

MR. COOK: Exactly. The companies that employ us don't have it either. With the prices they're getting for their products, they just simply can't afford to pay any more either. It's just up against the wall, is what it amounts to. Like I also mentioned, look at the millions coming in. I think it's just going to have to be shared by more people.

MRS. FYFE: Of course, it's not exactly realistic to compare 1983 rates and salaries with the exports in 1980. There certainly would be a variance in those figures, wouldn't there?

MR. COOK: There would be some, yes. But it's going to be the same in good times or bad, really.

MRS. FYFE: If the products are being sold, obviously the wages are there. The assessments are partly reflecting activity within the industry. They are perhaps also reflecting — I can't say specifically — an increase in accidents. Is that true?

MR. COOK: I think accidents are probably decreasing. But for some reason, our rates keep going up. I think compensation is getting abused terribly, too.

MR. CHAIRMAN: Getting to be what?

MR. COOK: It's getting abused terribly. I mean we get so many people that are jumping on compensation and just sitting there and not moving. I think it started out as something to help a worker that was injured on the job, and it's turned into almost a way of life.

MR. CHAIRMAN: Okay. Any others?

MR. MARTIN: If I could follow up quickly. I gather that partly what you're saying is that it's an important industry, in terms of the economy of the provinces and the country, and a dangerous one. But because it is crucial to the economy and so many people are employed and all the rest of it, there has to be a sharing of the responsibility for injured workers. Is that correct?

MR. COOK: Correct.

MR. MARTIN: I can understand that with small companies, it is difficult at the best of times. The only point with compensation, though, I think you have to realize that especially in a dangerous industry, if they went the other way — and there are some experiences — it wasn't just for the workers; it was partly for the employers because of suits that can be very high. Of course, one major suit, one lawyer's bill and all the rest of it, could put you out of business. So I suppose it's a matter of finding that dividing line.

MR. COOK: But they were talking in the Proctor & Gamble brief about how you are going to penalize the unsafe operator and this and that. Well, you can be the safest logging contractor in the world and, I mean, a little bit of bad luck and you lose a faller over the winter and that's it, you're out of business. If you go into a superassessment right now in the subcontracting game in the logging industry, you're done; just pack up your stuff and go home, because you can't afford to operate.

MR. CHAIRMAN: Thank you very much, Larry.

MR. COOK: Thanks for listening to me.

St. Regis (Alberta) Ltd.

MR. CHAIRMAN: I see that our traveller has shown up. What did they do, Mr. Clark, parachute you down into Grande Prairie? Please step forward and be seated at the table here so that we can get right into your submission.

MR. CLARK: That's very kind of you. I apologize for being late, but you produced the

weather here, not me in Hinton.

MR. CHAIRMAN: You're going to blame the government for the bad weather first.

MR. CLARK: It's not the government this time.

MRS. FYFE: We used to try to blame that on the federal government.

MR. CLARK: I beg your pardon?

MRS. FYFE: We used to try to blame the weather on the federal government.

MR. NELSON: It just depends who is in power.

MR. LEWIS: He's a little embarrassed; fifty per cent of us got here.

MR. CHAIRMAN: I appreciate the fact that we have taken some time from your submission. We will still try to give you the full half-hour that we would like to spend with you. Please proceed. I know you have a fairly extensive submission. Maybe you would like to highlight some of the areas and permit some questions, rather than go through the whole submission.

MR. LEWIS: Mr. Clark is going to be the spokesman, and he will make the submission.

MR. CHAIRMAN: Please go ahead.

MR. CLARK: I think that's fair, Mr. Diachuk, that I condense it.

Mr. Diachuk, ladies and gentlemen of the committee. The following submission of St. Regis is in reply to the invitation, et cetera, of the government. We highlight St. Regis as it has been operational in Alberta since 1955. We have a bleached kraft pulp mill and a stud lumber mill at Hinton, Alberta, and produce other products. Our Workers' Compensation Board assessment for 1983 for the three class accounts which we hold exceeds \$2 million.

I would like to comment that the Alberta Workers' Compensation Board is perceived to be developing into the social conscience of industry in that the Board's operation is attempting to be all things to the worker who is injured, who is physically or mentally ill, or who is fatally injured and leaves dependants who may or may not be able to support themselves. We have noted that claims are being paid for injuries resulting from fights on construction camps and parking lots, for injuries resulting from drunkenness in camps, and for accidents resulting from private vehicle operation on forest access roads. There is also a possibility that dual compensation settlements could occur from the Workers' Compensation Board and a private insurance carrier.

No explicit policy directives in printed form, authored by the Workers' Compensation Board, exist that outline policy regarding matters of valid compensable injuries, pension awards, lump sum compensation payments, and reserves for future claims and disasters.

The Board's operation has resulted in a \$186 million deficit by 1982, and the employers' assessment costs have increased by 150 per cent since 1980. This is perceived by our company to be a disturbing development in Alberta.

We recommend that the government of Alberta must address the following areas of our concern in the operation of the Workers' Compensation Board.

One, pay accident claims for only those injuries where a master/servant relationship exists; that is, where the worker is engaged in the work of the employer.

Two, consider as compensable only those industrial diseases that can be wholly caused by a poor industrial environment. These diseases, as we perceive them: silicosis; anthracosis; asbestosis; lead, zinc chromate, and mercury poisoning; and hearing loss. We would even comment that hearing loss as solely an industrial disease is becoming questionable, when we notice the modern trends and habits of society in listening to music with portable earphones and other radio devices.

MR. CHAIRMAN: You're giving your age away, Mr. Clark.

MR. CLARK: I am. I'm old fashioned. My hearing loss is evident, too.

Three, revision of the Workers' Compensation Board's pension policy by the following strategies. If an injured worker returns to work at the same income as before the accident and is capable of performing his job remuneratively and productively, no partial pension should be awarded. Lump sum payments should be made for maiming or dismemberment not resulting in total disability. Reduction in the workers' compensation pension should be made when the worker is eligible to receive a Canada pension and/or old age security supplement, and the reduction of the workers' compensation pension should equal the Canada and/or supplement pension. Reduce the number of classes and rates applicable from 62 and 164 respectively to perhaps 12 classes and rates, so as to decrease the administrative problems and costs of the Workers' Compensation Board. Change the current merit rebate/superassessment policy, so as to more equitably recognize good performance accounts and penalize poor performance accounts. Review the difficulties currently apparent in the separation of the responsibilities of the Workers' Compensation Board and the occupational health and safety branch within the department. And review the current legislation relating to the Workers' Compensation Board..

I would like to deal with some measures of legislation. Unless stated otherwise, the following section references are to the Workers' Compensation Act, RSA 1980, Chapter W-16. Instead of reading each of the sections in detail as to their wording, I think I'll just refer to the section and then make our comment on it.

Section 1(1)(v) refers to "proprietor" and its definition, and it so states the definition in the Act. Our comments are that there exists in industry in Alberta a very complex arrangement for employment of people. Arrangements vary from a simple relationship of a principal or corporation employing people or employees directly, to complex arrangements of a principal employing contractors who in turn employ subcontractors who in turn employ self-employed individuals, possibly under a service contract. As the chain of organization extends, the initiative or incentive to maintain compensation coverage and to operate safely according to regulation decreases.

This situation was evident to our company in the survey we conducted, which is referred to in section 3.3 of this submission.

MR. CHAIRMAN: Mr. Clark, excuse me for interrupting. A Mr. Harry Watt is requested, if he is in the audience. He doesn't appear to be. Thank you. Sorry.

MR. CLARK: We may comment also that the Hon. William Diachuck recognized the problem that the "proprietor" definition created. In a letter dated February 12, 1982, he tendered a policy document adopted by the Workers' Compensation Board in response to the concerns of the independent truckers. A copy of this document is attached in appendix 1.

In our opinion, section 11 needs review and redefinition. The Act does not define the word "principal" except by inference as owner, employer, et cetera. This section should be rescinded and section 10(1) should apply for an application for a compensation account

by a principal, without the Board taking further actions to include any other person working for that principal.

Section 19(3) refers to a worker who has been found dead at a place of work, et cetera, during the course of employment. There are presumptions involved in that legislation. We submit that this section should be changed to read:

If a worker is found dead at a place that meets the criteria of a work site as defined in Section 1(n) of the Occupational Health and Safety Act, R.S.A. 1980 . . . it is presumed that his death was the result of personal injury by accident arising out of and during the course of his employment, unless a contrary intention is shown.

Section 1(n) of the Occupational Health and Safety Act defines "work site" as a location where a worker is or is likely to be engaged in any occupation, and includes any vehicle or mobile equipment used by the worker in that occupation.

Section 19(4) refers to accidents arising from employment and the occurrence during the course of employment, et cetera. This section should be deleted, as it is a balancing act and does nothing to ensure compensation. One can ask, through this section, who presumes and why is there a need for such presumption?

Section 42(1): commuter of "lump sum periodic compensation payments to a worker or dependant under this Act". This subsection should be changed to:

The Board shall commute to a lump sum periodic payments to all workers and dependants unless the worker is eligible for a permanent total disability award.

In our opinion, section 42(3) should be deleted.

Section 51(2) is a rather lengthy section, and we suggest that this subsection should be changed to:

If an accident causes injury to a worker and results in disablement, the Board shall pay periodic compensation to the worker, and that compensation shall be based on 90 per cent of the worker's regular take-home pay.

Sections 51(3) to (9) inclusive are a very lengthy number of sections and subsections. Our comment on that is they should be deleted entirely, and our proposed section 51(a) should be used to determine the payment method.

Section 54(b). There is a time lapse involved in an accident and commencement of temporary disability. Our comment on this is that this subsection should be deleted.

Section 110(2):

The amount of a super-assessment shall not exceed the assessment otherwise under this Act by . . . 1/3.

Section 110(2) should be deleted. We treat this matter of merit rebate and superassessment further on in general matters in our submission here today.

I would like to deal with the administration of workers' compensation:

3.1 Financial Results and Accountability of the Workers' Compensation Board. The perceived policy respecting the financial results of operation and the accountability of the Board is that of increasing income as costs indicate a need. This a simplistic assessment of policy; however it meets the legislated policy of the government of Alberta.

Historically, benefits to workers have been escalating, and these benefit limits have normally been recommended by the advisory committee which is appointed by the Lieutenant Governor in Council. The advisory committee is composed of representatives of employers, workers, the Workers' Compensation Board, and Members of the Legislative Assembly, and is a legislated committee. Thus the Board merely operates to tailor income to meet legislated costs. The Board's accountability is prescribed by

section 85(1) of the Workers' Compensation Act.

The operating reserves during the period 1979 to '81 have dramatically changed, from the surplus of \$45.96 million at the end of 1979 to a deficit of \$11.738 million at the end of 1980, eroding further to a deficit of \$76.116 million at the end of 1981. Thus the operating costs or the income allocations increased by \$57.698 million in 1980 and \$64.428 million in 1981. These deficits represent 27.1 per cent of the assessment in 1980 and 24.6 per cent of the assessment in 1981. The deficit situations in operating reserves exceeded assessment level increases by 16.8 per cent in 1980 and 4.1 per cent in '81.

The 1981 estimated assessable payroll available to the Board was \$12.909 billion, and the actual assessment was \$267.765 million. Based on the above, the average assessment rate for the province is \$2.07 per \$100 of assessable payroll. But based on the operating reserve deficit of \$76 million previously alluded to at year-end 1981, an additional assessment rate of 59 cents per \$100 of assessable payroll would be required if the Board is to achieve solvency. This would require a 28.5 per cent increase in the assessment.

The records of the Board's financial situation in 1980 and '81 indicate that this massive infusion of assessment increases is becoming commonplace. Revenue in '81 increased 25.9 per cent over 1980, and expenditures increased 23.9 per cent over 1980. One must question where the Workers' Compensation Board is heading financially.

In figure 1 to this submission — we refer to it as appendix 2 — we attach a graph indicating that the average rate trend escalation is 35.8 per cent from 1980 to 1985, if you want to project the existing situation.

I will skip the rest of that page and the next page. I will skip all of page 14, which alludes to account establishment and class scope and choice.

We did conduct a survey of some of the situations relative to account establishment by some of the purchase wood suppliers — and this is referred to on page 15 — some of the people who sell wood to us at arm's length. We did this survey in the winter of 1982-83. We found that of 48 suppliers we sampled, many of them had no accounts with the WCB, others had Mickey Mouse accounts of class 6-01 and 6-07, which is brush cutting, some of them were trucking, and yet they were all conducting logging. We understand the problems relative to making checks on these people by occupational health and safety and/or the Workers' Compensation Board, but a lot of Mickey Mouse exists in the type of accounts that are held by our industry participants or not held at all.

I would like to refer to the title on page 16, Pension Awards to Employees Who Continue Employment in the Same Job. The Workers' Compensation Board's goal is to rehabilitate injured employees so as to allow them to return to work. If the employee is incapable of rehabilitation and therefore incapable of returning to an identical job at the same income level, then the principle of a remunerative pension award is acceptable. However, we are opposed to a situation where an employee is awarded a pension for an injury and then returns to his or her identical job, pay scale, and income opportunity. On page 17, we list five examples of this happening to employees of our company who were given pension awards. We cite the pension award that was given and the earnings they made in the year that pertains, 1981, 1980, et cetera. On this listing, we show one employee having received two pension awards, which is interesting, and we are opposed to it.

I will not go into detail on the intensity of audits related to class coverage and claims, on page 18, but it is there for the Board's reading, nor will I harp on the Workers' Compensation Board pension reduction at age 65. I have already treated that, and that is on pages 18 and 19.

We would like to comment on the assessment rate and class designation for multi-occupation employees stratum. We have a situation of holding a class 3-01 account, which is logging. This covers a great number of employees within that class, from secretaries to actual fallers and skidder operators. In appendix 5, we make a comparison

of the effect of that if the situation were that all work functions were contracted as if we had contracted all the work functions related to our class 3-01 account, or where all the functions are included in class 3-01 under the common rate of \$14.05 per \$100, which I believe pertained in 1980. We find a very marked difference that comes from the situation where we were paying the full rate for class 3-01. Had we been allowed to give our different respective job functions the proper rate or account that they could have been classed into, we would have been paying a weighted average of \$8.24 per \$100, almost a difference of \$6.00 per \$100. That's what we treat on page 19.

Our comment on the proposed campsite and bunkhouse policy is that it should be scrapped because, in our opinion, it does nothing but help the employee who is not looking after himself either on or off the job.

Our comment on page 21 about the current operation of the rehabilitation clinic is that it is our understanding that the rehabilitation clinic is operating under some duress and, as a result, a policy has been adopted whereby rehabilitated employees may not be released back into the work force as no jobs are available. This unique policy may be laudable during this recessionary period, but we suggest that it is beyond the mandate of the Workers' Compensation Board. This policy also infringes on the domain of the unemployment insurance.

I will skip general matters on page 21 and 22.

I would like to comment on pension awards and funding, because I think this is a very dramatic situation that's occurring. The following outlines pension awards by age groups, and we show some statistics that were derived from a percentage accident occurrence by age group from the WCB annual report. The average age of an employee who receives a pension award is 27.25 years. Also, based on 1983 award levels, a total disability pension would cost about \$26,000 per year. On an average, this would be paid for 37.75 years to the age of 65, although we know pensions go beyond age 65. Thus a total disability pension would require funding, in our calculations, of \$981,500 under these circumstances.

Statement 8 of the 1981 annual report of the Workers' Compensation Board indicates pension liability funding in 1981 as follows. The amount provided during '81 was \$152 million in round figures, the amount applied as pension payments was \$44.66 million, and therefore the increase to the fund was something in excess of \$107 million. The amount funded in 1981 is an increase of 27.7 per cent over '80, and the assessment level in 1981 is a 26 per cent increase over '80. We suggest that the percentage difference of 1.7 per cent is a result of the increase in the maximum earnings from \$18,250 in 1980 to \$22,000 in 1981. The 1982 change in earnings assessments to \$40,000 represents an 81.8 per cent increase over '81 and suggests to our company that pensions will increase 57 per cent over 1981 levels.

Our company is concerned about the impact that the increase the maximum earning level to \$40,000 will have on the liability costs for future claims. Again, figure 1 — not appendix 6, which is printed in your brief — which is attached hereto, indicates that the coverage assessment rate will reach \$5 per \$100 of payroll by 1985, which is an increase of 88 per cent over the '81 actual rate of \$2.66 per \$100. Based on the '81 assessable payroll base, the assessment amount would be \$503.4 million required, which represents a yearly cost increase of \$58.9 million or 22 per cent per year.

We would like to comment on merit rebate and superassessment policy, page 24. The operating policy has been derived from enabling legislation regarding merit rebates and superassessment. The policy formula being applied is well known, and I don't need to repeat it. Our analysis of the current policy application of merit rebates and superassessments indicates that poor account performers are supported by good and safety-conscious account performers by a ratio of 5:1. Superassessment penalties are dealt with in the balance of that paragraph, but I don't need to go on. But on page 24, we

do illustrate the benefit of superassessment accounts versus the possible merit rebate accounts by an illustration including five points, where we illustrate where we get this 1:5 ratio of gain or loss.

Therefore in our opinion there is a need to revise this reward/penalty policy. This revision can be done in either of the following two ways: by revising the policy pertaining to the merit rebate/assessment principle or through the application of staged rates within the classes, whereby the degree of claims performance is recognized within the assessment rate. We treat each of these proposals further on, on pages 25 and 26.

We think there is a need for a review of the independence and interdependence of the Workers' Compensation Board and the occupational health and safety branch, and we give our reasoning on page 27.

I'll skip over the Workers' Compensation Board audits and occupational health and safety inspections, which we comment on and suggest there is an opportunity to strengthen the inspections within class 3-01; that is, the logging account. It's one of the most difficult classes to inspect.

I'll just touch on our summary in detail on page 29. This submission by our company touches on several aspects of legislation, administration, and general matters related to the function and operation of the Workers' Compensation Board. We have also addressed some concerns regarding the occupational health and safety branch. The items highlighted are the symptoms of a major problem, and they are not the cure nor the solution to the problem.

There is a fundamental need to reflect on the principles of the establishment of a compensation funding arrangement in Alberta to protect injured industrial workers and the funding industries. We perceive these principles as: one, to protect employees injured during employment from loss of earnings and bodily impairment; two, to obligate employers to provide funding so as to provide protection for employees who are injured while at work; and three, to establish an agency that would establish, maintain, and administer this funding arrangement with employers, be accountable for the judicious expenditure of collected funds through a yearly audit, and promote and police safe operations by employers and ensure adherence to safe working procedures by employees.

Our assessment of the results of the principles enumerated above. One, we are adequately protecting injured employees. In many cases, we are overextending protection to encompass situations where an injury did not occur during employment and where protection was tendered in pension settlements where loss of earnings did not occur. Thus there is a deviation from principle one.

Two, funding is being provided by employers for employee protection. The adequacy of this funding is obviously in doubt when one realizes that a 1981 stated deficit of compensation accounts is \$64 million, and in '82 the deficit will be increasing to an amount in the range of \$150 million to \$186 million. Thus principle two is not being adequately addressed.

Three, an agency is established that is maintaining and administering an adequate funding arrangement with the employers, which is evident by the existing deficit position of accounts, and is accountable for collected funds and expenditures and does have a yearly audit.

The yearly audit of 1981 by the Alberta Auditor General is interesting in light of the following comments out of that audit.

Based on information available I was unable to determine the adequacy of the reserves detailed in statement 9 or the adequacy of the estimated liability for future claims referred to in Note 8 of the financial statements.

Related to the Auditor's comments on statement 9, which are on page 34 of the report, reserves at the end of that year, 1981, totalled \$32.370 million. Note 8, found on page 37

of the same annual report, in reference to statement 9, is quoted as:

The estimated liability (for future claim . . .) is the amount required to meet all future claim costs in respect of 1981 and prior years' accidents with the exception of costs chargeable to reserves shown on Statement 9 . . .

The estimated liability for future claims at December 31, 1981, is \$256.179 million. This liability is 96 per cent of the 1981 assessments.

The accountability for collection expenditure funds is not in question for the operation of the Board. However, the magnitude and adequacy of the reserves is questionable. This is shown throughout the Compensation Board's annual report for 1981, in the statements of the Auditor General already referred to, and comments of the Board's actuary. I quote this comment of the actuary, relating to pension liability funded:

As required by the Act, the next actuarial review is scheduled for December 31, 1983. An interim review was conducted by the actuary as at December 31, 1981 and the fund was considered to be \$46,000,000 less than the calculated present value of the liability for pensions.

At December 31, 1981, this fund was \$404.846 million, and the underfunded amount of \$46 million, relating to the quote above, represents 11.4 per cent of the total fund. Thus principle three is not being met.

The deficiencies in the principles of existence and operation of the workers' compensation funding arrangements in Alberta convince our company that there is a need to do the following: one, review the whole system of workers' compensation in Alberta with an objective to improve the system, minimize future costs, and optimize workers' protection; two, within the framework of the future improvement strategy, there is a need to reward good safety and accident prevention employers and to penalize poor safety and accident prevention employers; three, consider the composition of the Workers' Compensation Board with the intention of increasing the number of members to seven, with equal representation from employees and employers and with a neutral chairman; four, consider the appointment of a royal commission of short duration to review all aspects of the current operations of workers' compensation and occupational health and safety in Alberta, with the intention of recommending a system for the future.

Thank you.

MR. CHAIRMAN: Any quick questions, because I know this is an extensive report?

MR. THOMPSON: Mr. Chairman, I'd like to go back to some of the stuff you skipped over. On page 16, 3.4 states:

In 1982 the maximum compensation payment to injured workers was \$496.20 per week and on a 5 day basis, this is reduced to \$99.24 per day. However, we had several examples in 1982 where injured workers received between \$101-\$108 per claim day for compensation.

Mr. Clark, could you possibly expand on that if you've investigated and found how the Board justified doing that? Or did they bother doing that?

MR. CLARK: Really we didn't question them at all. I'm just making a statement there. By taking our monthly account that is sent to us by the Workers' Compensation Board, looking at the number of compensable days that were paid for and the amount of compensation that was paid, simple division indicated to us that sometimes employees

were being overpaid above the amount that was stated as being payable in 1982 at \$99.24 or \$496.20 a week. It's merely a comment. It does show some of the errors that can creep in somehow in payments. It's all part of the system, in our opinion.

MR. THOMPSON: These examples that you cite here, what percentage would be the ones you investigated? Would it be a minimal number?

MR. CLARK: About 10 per cent. No more than 10 per cent, I believe; a minimal number.

MR. THOMPSON: Ten per cent may not be minimal. Thank you.

MR. MARTIN: There are a number of questions. It's a very comprehensive brief, but because of the shortness of time I'll just go into one area. On page 17, you indicate that you're opposed to the situation where an employee is awarded a pension for an injury and then returns to his or her identical job, pay scale, and income opportunity.

The way I perceive workers' compensation, it's set up as an insurance program, as you put out. If there were no workers' compensation, I believe the alternative would be court cases, where the employee would take an employer to court. Every court case I've seen that has to do with these things, they take in — whether we agree or not, but this is a fact — and look at stress, mental anguish, something that could occur to the person or some physical problem that began from that accident. So I expect that's probably one of the reasons they have payments like this, because the alternative would perhaps be court cases. Would you not agree?

MR. CLARK: That's an alternative. The relationship through legislation between employer and employee, as portrayed in the Workers' Compensation Act, is to prevent third-party intervention.

MR. MARTIN: Exactly. But I'm saying that if there were court cases, even if the person went back to the identical job . . . Let's say, for example, that we didn't have workers' compensation. They'd take into consideration a lot of other things: mental anguish, stress, whatever you want to look at — whatever they do. That may be a reason for some of these extra payments.

MR. CLARK: We could speculate. It may be. I don't want to speculate. Our company just doesn't believe in paying pensions to workers who go back to identical work, identical remuneration, with no evident permanent — even if it's minor — disability, or permanency of disability.

MRS. FYFE: The examples that you have used on page 17 would be yearly pension awards that would be ongoing?

MR. CLARK: No, those are the lump sum pension awards.

MRS. FYFE: Those would have been capitalized and paid out?

MR. CLARK: Yes.

MRS. FYFE: Okay.

MR. CLARK: I think they're paid out if they're less than 10 per cent.

MRS. FYFE: Okay. I just want to ask a quick question on page 11, and that related to the 59 cents per \$100 assessment that would be required to achieve solvency. Over what period of time have you estimated it?

MR. CLARK: For that particular year as the fund existed. If you go and refer to the 1981 WCB annual report, you will find these figures are actually stated in the report. The actual assessment being the \$267, if you divide the one into the other you get \$2.07 per \$100. But in that same year, there was an operating reserve deficit of \$76.166 million at year end 1981. Therefore to compensate and negate that deficit situation, you have to add another 59 cents per \$100 to the \$2.07 stated above to bring it into balance, no deficit.

MRS. FYFE: So that was for 1981, a 12-month period that you're talking about?

MR. CLARK: Exactly.

MRS. FYFE: That's fine. Thank you.

MR. CLARK: I might explain that that's how the graph in figure 1, appendix 2, was developed, by taking the annual report, getting the provincial average assessments per \$100, and graphing it and just extending it.

MR. NELSON: Mr. Chairman . . .

MR. CHAIRMAN: We must break.

MR. NELSON: Can I just very, very briefly . . . In your introduction, regarding claims that are being made by workers for fights and various other things resulting from various activities that you've indicated here, how do you feel that can be controlled better than it is?

MR. CLARK: It has to be work related. It has to be an injury occurring while the man is working at the work he's supposed to be doing.

MR. NELSON: Can you cite an example as to where this has happened and your company has indicated that on a claim made by a worker to the Compensation Board, that they refuted that and offered the compensation?

MR. CLARK: No I can't, not with our company. This refers to the camp and bunkhouse policy draft proposal that's in the works. We do not have any logging camps occupied by our employees. We did many years ago, and we did have fights, of course, and all the other attendant things that go on.

MR. CHAIRMAN: Okay.

MR. NELSON: Just one further item here. I just thought maybe I'd throw it out and have it answered. It isn't in your brief, as I recall. How do you feel about the need for another facility, a rehab centre including additional or other office facilities for the Board? You're going to pay for it.

MR. CLARK: I knew that question was possible, and I've given it a lot of thought and so

has our company. We have looked at the present facilities, both the rehab clinic and the — which is separate from the office complex downtown. At this point, we do not have a conviction that there's a need for an additional cohesive complex to house everything. But that's a very personal thing by one company in the province.

MR. NELSON: Thank you very much.

MR. CLARK: You're welcome, Mr. Nelson.

MR. CHAIRMAN: Thank you, gentlemen. I regret that we must break, because we've got to be back for one o'clock to hear from the Grande Prairie Chamber of Commerce. Thank you for your submission. I know it's extensive. We've looked at it and will continue to review it. Thank you for coming forward.

MR. CLARK: Thank you, Mr. Diachuk.

(The meeting recessed at 12:10 p.m. and resumed at 1:10 p.m.)

Grande Prairie Chamber of Commerce

MR. CHAIRMAN: If we can reconvene and welcome Terry Barr and John Powers from the Grande Prairie chamber. We're a little delayed because of a delay getting out. It looks like lunch times are busy in most lunch places, and we couldn't get out of there quick enough. Who's going to be kicking it off? Terry?

MR. BARR: Yes, I will.

MR. CHAIRMAN: Okay.

MR. BARR: Mr. Chairman, I'm the president of the chamber, and John is the manager of the chamber.

Good afternoon, Mr. Chairman, members of the select committee, ladies and gentlemen. The Grande Prairie and district chamber certainly commends the government of Alberta for seeking submissions concerning the operation of the Workers' Compensation Act, the Occupational Health and Safety Act, and amendments thereto. We certainly welcome this opportunity to present our views and recommendations to you.

It is not my intention this afternoon to read from the brief, which you already have; rather, I would like to make a few additional comments on the section of our brief that pertains to the Workers' Compensation Act. The chamber has reviewed several of the major briefs that have been or will be presented to you, namely the Industry Task Force brief, the Alberta Forest Products Association brief, the Canadian Forest Products brief, and the Proctor & Gamble brief. These last two companies are actually members of our chamber. Our membership is very supportive of these four briefs and believe they have hit all the key points that need to be addressed.

In summary, Mr. Chairman, we believe some very substantial changes are required in the Workers' Compensation Act to make it fair and equitable to employees, employers, and the government, because at the present time we see it as being very unfair to employers. I want to emphasize that point. We certainly believe in compensation, believe in the principles behind it, but over the last few years it seems to have swung to the point where the employers are now not being treated fairly. Specifically, the area of cost of compensation is key to our membership.

Mr. Chairman, at this point perhaps it's worthy to note that the Grande Prairie chamber is a very active chamber. This is verified by the fact that for the past two years we've won the award for the most active chamber in the province among all the larger centres, including Edmonton and Calgary. Our membership, like all business in Alberta in the past two years, has and is continuing to face tremendous hardships just to remain viable. Substantially all our members have instituted tremendous cost-cutting programs during this period. At the same time as our membership has been cutting costs, improving productivity and efficiency, in most cases their workers' compensation costs have increased substantially, yet in many instances their safety records are as good as or better than they were two years ago. These increases in costs have been brought about through changes in the Workers' Compensation Act that were introduced in 1981, such as changes in the assessable earnings, changes in benefits, the 70 to 90 per cent, the pension plan changes, all of which have amounted to just substantially increased costs for our members, at a time when they are struggling to survive and are cutting costs in all other areas.

Mr. Chairman, we were hopeful that there was one bright light, in that the Alberta hospitalization charges were not going to be charged against WCB as indicated in the 1981 amendment to the Act. However, Bill 38 certainly changed that.

In summary, Mr. Chairman, in the area of costs, our membership believes the current Act is very unfair to employers. There simply has to be a cheaper way to provide reasonable benefits to injured workers. Many of our members have cited the disability insurance programs that they now have purchased through private companies and that provide reasonable benefits to workers at just a fraction of the cost of WCB.

In addition, Mr. Chairman, the recent change in the earnings limit for benefits and assessments to \$40,000 from \$22,000, and the changes in compensation paid from 75 per cent of gross to 90 per cent of net assessable earnings, have resulted in unreasonably high compensation benefits, in our opinion. Unfortunately, our membership were citing employees that it appeared as if there was no incentive for them to go back to work; it was far better to stay on compensation. That just is not right.

Our membership also recommends that changes need to be made in the administrative set-up of the Board so that it is more responsible to those who pay the bills, the employers. Through tightening up of budgets and controls, hopefully costs will be reduced and insurance provided at more competitive rates. Information we have indicates, for example, that the administrative costs of the Board went up by 25 per cent from 1981 to '82. Members of the Board, at a time when industry and business are having to cut costs, to allow a 25 per cent increase in administrative costs in one year is outrageous.

Mr. Chairman, we also emphasize our belief that there is a need for an overhaul of the assessment system, to encourage and promote employers and employees to think safely and to run safe operations. The existing merit and rebate merit system and superassessments goes part way in this area, but it's our opinion that some unsafe companies are not penalized sufficiently. They must expect to pay more if they are going to continue to run unsafe operations. We believe, as part of an aggressive program to promote safety within the province, basic safety performance statistics of companies must be published. The current regulations allow poor performers to hide behind a veil of secrecy, to the benefit of nobody.

Lastly, Mr. Chairman, let me emphasize that our membership believes strongly that the pre-1981 definition of the independent operator must be reinstated. This is a province that prides itself on promoting entrepreneurship, yet the 1981 amendments to the definition of "proprietor" are totally contrary to this philosophy and stated position of the government.

With regard to the second part of our submission on the Occupational Health and

Safety Act, our committee spent considerable time reviewing the area of the Act. I believe our submission is relatively straightforward and do not plan on commenting on it further, other than to emphasize that we believe the changes we have noted are urgently required.

I'd now be prepared to answer questions you may have. I wish, though, to place one caveat before the committee, in that my resource people on the second part of the submission are unavoidably out of town today, so I may not be able to answer all the technical questions. But we can provide you written answers or appear before you later on that part of it.

Other than that, thank you.

MR. CHAIRMAN: Okay. Questions or elaborations?

MRS. FYFE: Have you done any calculations as to the difference between 75 per cent of gross and 90 per cent of net? You seemed to think that this was a significant variation.

MR. BARR: Some of our member companies had presented data to us where they had shown that, yes indeed, it was a very sizeable difference that could result in their specific cases, as I said, to the point where they were citing an individual here or a person there who — to the point where there was no incentive to come back to work.

MRS. FYFE: The figures we had when that recommendation was made were that it would be very, very similar, yet still leaving a 10 per cent factor below what the employee could earn would be some incentive. But taking into consideration that if one of the basic principles of workers' compensation is adhered to, that the worker gives up the right to sue, opposed to the owner or employer accepting the responsibility for the payment, with the increase in salaries that had taken place up till 1979 or 1980 when the changes came about, there was no longer any fairness for the employee. I can appreciate that what you're saying is that the pendulum swings back and forth because of the economic conditions since that period of time. But at the time, there were certainly a vast number of employees that would be above a maximum level of \$22,000. For those that were facing high interest rates with their mortgages, having families they were responsible for, it no longer seemed to be realistic.

MR. BARR: I don't think anyone is debating that perhaps some increase was necessary, but to go for almost a 100 per cent increase, from 22 to 40, and then to combine that with the different calculation as to how the benefit was paid . . . What some of our members have seen is just very little incentive for some. And this isn't the case for all employees by any means. Most employees certainly want to be back on the job. But they are now citing far more instances where, with some type of injuries, it seems: why bother coming to work; I can make essentially the same amount of money staying at home. And if you get some types of injuries where perhaps it's difficult for a physician to be very specific and the person could go back to work — the back injuries or this type of thing. I think this morning there was a comment made — and I think Mr. Diachuk nodded his head to it — that the Workers' Compensation Board is seeing now that the average length of stay on compensation has increased. We believe certainly that's partially through the economy and partially through the tremendous change that's been made in the benefits all at once.

MRS. FYFE: I think we all recognize the problem. The majority of workers want to be working, want to be gainfully employed, and don't want to be injured. There're always going to be some people within our society that will try to take advantage of whatever

programs are offered, there's no doubt. Should we be penalizing the majority for a few? During these times of economic circumstances that aren't as positive as they were a couple of years ago, is the incentive — the 90 per cent of net — the problem, or is it that sometimes there just is not a job available?

MR. BARR: Well, I think it's a combination of both, I guess. There are very few insurances one buys where one gets 100 per cent. If you have a car accident, a fire in your house, or whatever it is, you always have a deductibility, which I think is there partially by the insurance companies to prevent the type of fraudulent claims. There is some cost to the individual. What we're saying for workers' compensation, with the great change and the time it happened, is that essentially a person's as well off to stay at home. I guess it all comes down to a question in our membership's eyes of dollars and cents. The costs of providing this, together with all the administrative costs and that, are extremely high. They look at that and they say: well, I got a disability insurance from this company, compare that to what I'm paying in WCB, and there's just no comparison. Why are the rates so high? I would be better off, if I had the opportunity, to go and shop on the open market and find insurance for my employees.

MR. CHAIRMAN: Mr. Barr, has your chamber really looked at that comparison of coverage? The full coverage of what workers' compensation principle is? Because you're making a statement on behalf of your membership, and I'm seeking some information from you. Have you carried out a study of it, because statements like that trouble me as a legislator. Workers' compensation wouldn't have had to come in, back in 1918 in Alberta, if private insurance would have looked after it properly. No legislators want to bring something onto people unless they have to. Have you got a comparison, comparing the whole thing?

MR. BARR: I don't have one that cuts across a wide variety of industries. Some of our members have looked at it for their specific industry. Or perhaps they have a sister company someplace else and looked at it and said: okay, what does it cost us for compensation, for example, perhaps where private compensation is allowed, where you can have your own private funds such as . . .

MR CHAIRMAN: You'd be comparing it with some other jurisdictions outside Canada, no doubt.

MR. BARR: Yes, right. They said, okay, now this is what the cost is, compared that with what the cost is here and said, now the benefit levels are about the same. That type of study has been done. But no, we haven't done one across the wide variety of different businesses that we represent.

MRS. FYFE: I have a second question, but I think some want to get in on the same point, so maybe I could get back in later.

MR. CHAIRMAN: Possibly on the same, Ron?

MR. R. MOORE: No, not on that point, on another one.

MR. MARTIN: Just to follow up. Of course, we hear — and I think it's true — that recessions do bring on things. When people have no other income, I expect they're going to try to hang onto compensation if there's nothing else for them. I think that's a fact of life that's probably happening. But I think what we need — we've heard this a number of

times, and it's hard to go on hearsay evidence. From your member companies, for example, do they have hard evidence of people they believe could be back at their job that are hanging onto compensation, or is it sort of just, we feel this? Because, you know, we have to deal in hard evidence, often, as legislators.

MR. BARR: Well, during the time we were putting this together, comments come up that we have this. As I said, I know that in discussions our members have had and some that I have personally had with members of the Board, I thought that was substantiated by the comment that people are staying on compensation longer now than they did a year to two years ago. That came back from members of the Board. Through discussions with Jim Thomson and others, that got substantiated in that way.

MR. MARTIN: There could be other reasons for it.

MR. BARR: There could be other reasons too. I know they were believing that at least part of the reason for it was the conditions and, of course, we were quick to point out that perhaps the benefit level was such that the incentive to return to work wasn't there.

MR. CHAIRMAN: Johnny Thompson?

MR. THOMPSON: Not on this point.

MR. CHAIRMAN: No others on this point? Okay, Myrna, you had a second one.

MRS. FYFE: Yes, I wanted to ask a question regarding the superassessment and the merit rebate system. You made the comment that there should be a greater incentive, and I certainly would agree with that point. However, there was a comment made this morning by a small business man that quite a few people in the logging sector, which is a very hazardous aspect of industry — he said that a greater superassessment on him, if he had a series of bad luck, not because of any lack of safety procedures, could simply wipe out a small business person. I wonder if the chamber had taken a look at how that would affect a small business compared to a large employer that has, if I can use the term, an economy of scale with their employees.

MR. BARR: Well, it certainly isn't the chamber's desire to put anybody out of business. The approach on the superassessment/merit rebate system that we looked at is one that's been promoted. I think the Alberta Forest Products Association has worked it extensively, and I know the Industry Task Force has looked at it as well. We didn't believe it would put an employer in that type of unfair situation. Certainly you're paying more. It's the same way as if you smash up your car. You pay more if you're in the wrong for a period of a few years, until your history gets back in line again. We thought that that was a reasonable approach.

While no one wants to put the small business or the big business out of business, on the other hand you want to have a program. We all want a safe place to work. Nobody wants to get hurt. We don't want to get hurt, and we don't want our employees to get hurt. You have to have a program that recognizes good performance, encourages good performance. A good rebate system is every bit as attractive to a big employer as it is to a little employer. If a seasonal employer knows that at the end of the logging season, if he's had no injuries he's going to get this type of rebate back or that's going to reduce next year's rate by a certain amount, that's just as important to them as it is to a large employer.

MRS. FYFE: Okay. Thank you.

MR. R. MOORE: Mr. Barr, in the beginning of your presentation you mentioned the cost of administration and that in the private sector in these economic times we're in, the cost of administration is of concern and you take remedial action. You noted that in the case of the Workers' Compensation Board, the administration costs were continually going up, or intimated as much.

MR. BARR: Yes, that's the data we have from one of the background briefs.

MR. R. MOORE: And then I notice in your recommendations on 18, you recommend another increase in administration by saying to increase the number of inspectors and inspections. Cost of administration is of concern to everyone, including the administration of the Workers' Compensation Board. Where do you see that we should be taking that control? Where are we out of control? We know the costs go up, but do you know the picture, or have you any thoughts on that?

MR. BARR: Well, I was at a meeting last fall in Jasper. It was an annual meeting of an industry association. A Board member got up before us and commented very proudly that for the first time — I believe it was this year; it could have been last year — the Board was going to have an administrative budget, a separate budget whereby people were going to try to be held accountable for this. Now, there was an aghast look in the room by individuals running companies as if to say, you mean you haven't had a budget? So I think when you hear a statement like that, it causes great concern as to who is leading the ship and where is the ship going? I think we all realize that the first time you put a budget together and try to run it that way, to know areas you should be focussing on, you've got to build up a history. That certainly is a concern to our membership.

MR. CHAIRMAN: Any other questions on Ron's item?

I just wanted a sort of further supplementary question to that, Terry. Have you compared administration expenses with anything, any other service or even any private company in the private sector. Because somebody this morning used the cliché of apples and oranges, and we don't like to use that too often around here. One of our colleagues got in a little trouble with apples and oranges. The only thing is, the increase was there. It's like a government department being people service. The claims coming in — they have to provide the service. I'm advised by some people that have looked at the overall cost of administration that it falls fairly uniformly with most government departments. Have you had a chance to look at it that way?

MR. BARR: No I haven't. But when specifically the data, and I believe it was from 1981 to '82 . . .

MR. CHAIRMAN: Yes, there was a marked increase.

MR. BARR: Twenty-six per cent. Well, I don't think there are very many businesses, unless there was tremendous growth or such — if they allowed a 26 per cent increase in administrative costs, you'd see an entirely new crew running the ship pretty quickly. I think business has been faced with tremendous pressure to reduce costs, and most of them have. If they haven't, they're probably not here in the last couple of years. When we turn around and hear that administration costs for something like this increased by that magnitude, it makes one wonder.

MR. CHAIRMAN: Well, let me just throw one more challenge to you as a member of the chamber. About two years ago, we had a study carried out on which sector of the three components on a claim respond the quickest. And if I recall — I don't have them here, but maybe Al can correct me on that — the medical profession reports were the first. The workers' reports were next in a high ratio, and the employers' reports were the slowest and the last. And you know what has to happen. The administration has to remind the employer: can we have your report, can we have that? I share with you that that has been a concern to me as a minister. So about what, a year or two years ago we took . . .

MR. RUNCK: About two years ago. And this quite often requires investigation too, Mr. Chairman, which adds to the administration costs.

MR. CHAIRMAN: So the employers must respond as promptly as possible. We now have two pieces of legislation that require a worker to report his accident. One is the Workers' Compensation Act; the other is the Occupational Health and Safety Act. I am advised that there are fewer and fewer cases now where workers are not reporting their accidents. It isn't what it used to be half a dozen years ago.

MR. BARR: I could be wrong, but is it not possible for fines or whatever it is if you don't fill them in within so many hours after the accident?

MR. CHAIRMAN: It's under the Occupational Health and Safety Act. There is a penalty.

MR. THOMPSON: Mr. Chairman, I'd like to talk on your recommendation number 15. Bill 38 was mentioned a couple of times this morning. Now, it's been accepted in the western industrial world for many years that the industry was responsible for compensating their employees for work-related accidents. We've accepted that in Alberta since 1917 or '18. With that principle, we feel the principle itself is right. The question I'd like to ask you, Mr. Barr, is: do you believe the principle is wrong, or do you look on this recommendation as a mechanism to lower the rate companies pay for compensation? Do you feel society should be responsible for the accidents that happen in industry?

MR. BARR: No, I think the principle of the industry being responsible for providing compensation, for providing benefits to their employees who are injured, is right. I have no problem with that at all. The concern that a good many of our members have is that most of them are already paying a portion — for some of them it's all of the health care premium cost — as part of the benefits package to their employees.

MR. THOMPSON: Which is their decision.

MR. BARR: That's right, but they figure they're already paying it once. Then to turn around and pay it a second time strikes us as being a bit unfair and just a way of gathering extra funds, I guess. What was particularly disturbing this past year was that in a year of restraint, recognizing that things are tough and being told initially that yes, the Board is not going to have to absorb that extra money, then having it reversed.

MR. THOMPSON: It does cause confusion, no doubt. But from my point of view, at least, I think that society shouldn't be expected to pay the medical costs of injured workers. That's my position. Off-worksites injuries are of course carried with the Alberta hospital insurance premium program, but basically in many ways — and I can give

you two or three — to some degree I think it helps keep the safety record better. I really do feel it was a mistake to switch it over last year, and I really don't feel that society as a whole should be put in that position.

Coming back to your point that they're paying twice, that is their decision, and that's the negotiation they make with the union and that type of thing. From that point of view, that's their business, not ours as government.

MR. BARR: Well, but it is your business to recognize what is pretty commonplace.

MR. THOMPSON: Well, some companies do it; some don't. Some pay part; some pay all. So it really would be very difficult for the government to sit down and say, well, we're paying double, because not everybody does.

MR. POWERS: I'm just wondering if I might, Mr. Chairman. I think this underlying conversation really gets back to this question of the principles of insurance. I think the point we're making here with regard to your point, sir, is that I think it's a generally accepted fact — and accepted by the general populace of this province — that medical payments or payment for hospital care will be a shared kind of benefit that we've all accepted, all agreed to. So therefore, from the standpoint of the workers' compensation side, we assume the insurance principle that is in operation is that which would prefer — that would give the injured worker the additional benefits to render them in a position where they would be if they were not able to continue work for an indefinite period of time or a short period of time. So the real benefit we're talking about, that should be payable by employers, basically relates to that portion which would affect the insurance principle to keep that worker in the same position after the accident as they were before the accident, without regard to negligence or liability. What's happening is that we're sort of allowing one to mix with the other.

I think you have to come to a decision sooner or later. Someone has to make a decision. Should the health care and health benefits package that we as citizens of Alberta have agreed should be shared universally, be changed by workers' compensation? I think our point is that we all agree — and employers agree and treat it as a benefit that they can pay their employees — that the Alberta health care should be something that is treated separately from and covers a specific area of the injury claim for the disablement part, or the part that renders the individual less able to carry on, whether it be rehabilitation or whatever is involved. That is the area that should be subject to the premium payable by employers.

MR. BARR: Mr. Chairman, could I just make one comment. Our concern is overall costs, Mr. Thompson. This just struck us as one further nail in the coffin, if you like, on costs. In looking at some of the data some of our members have brought to us from the Industry Task Force and others, if we just look at the costs in this province many of the rates are higher than they are someplace else. Our members are competing in the very competitive forest products business with other prairie provinces, seeing lower premiums by companies selling the same product to the same customers, and saying: whether it comes out of this pocket or that pocket, it's overall costs. Why should this province's costs be higher than somebody else's?

MR. THOMPSON: I appreciate your point on costs.

MR. MARTIN: On the health care, I tend to agree with you. I think there are other areas. It's a universal program. It probably shouldn't be here. I want to go into your number 3 and see the rationale of why you are suggesting certain things, if I may. The

first one is "withhold payment for 30 days to permit employer representations". What was your purpose in that?

MR. BARR: You're on the . . .

MR. CHAIRMAN: Pensions.

MR. MARTIN: Pensions. Oh sorry, that's our summary. On pensions, where you say "withhold payment for 30 days to permit employer representations". We're dealing with pensions.

MR. POWERS: I think the thinking behind this was simply this: decisions relating to payment of a benefit are being taken without the benefit of the input that might be there from the employer who certainly had intimate knowledge of the individual, the circumstance, and the continuing situation that would prevail. It's only there as a suggestion that some form of protection is offered the government to use the employer as a form of resource person, if you wish, for a final arbitrated settlement for pension. That really is all it's there for.

MR. CHAIRMAN: That's referring to permanent pensions, then?

MR. POWERS: Yes.

MR. CHAIRMAN: I see. Not for the first stages of compensation.

MR. POWERS: No.

MR. CHAIRMAN: That's the permanent one.

MR. MARTIN: The other thing I've heard that I would just throw out to you is the compulsory lump sums. It seems to be fairly common that people are suggesting up to 10 per cent. You mentioned that a lot of the representations have come together on this. I think the other side of that — and I'd like you to respond — is that at the time a person takes out a lump sum, then that's the end of it. If something of, say, a physical nature occurs later on, they're dead-ended. If they've taken a lump sum, that's it, and there may be other problems. I'm just throwing that out as the other side of the argument, and asking how you would respond to that.

MR. BARR: I think that in a good many of the cases, say the dismemberment types of things — excuse the choice of words, but it's pretty clear-cut as to what the problem is. You have some already predetermined amounts. It just would appear to us that, given levels of inflation and everything else, most pensions and others are going to a more defined type of liability, if you like. So it's easier to plan for, easier to know where you are. You give the recipients the opportunity to do with those funds whatever they like and to plan for the future however they like, whether they want to invest in annuities, take off on a trip, or whatever they want to do.

There may be some cases of certain types of injuries where the lump sum payment is not advised, for the very reasons you're talking about. But I think in a good many of them, it can be pretty easily determined.

MR. CHAIRMAN: Stan, a final one so that we can move on to the next one.

MR. NELSON: Thank you, Mr. Chairman. Mr. Barr, I'll give you a two-barrelled one in one shot here, and then a second one.

Talking about the administration of the Board — and I guess being in private enterprise myself — you only look at the administration of government, and some of us make certain comments about it and some don't. However, have you discussed in your meetings how you would better administer the WCB and the OH & S? Have you thought about or given any consideration to placing the two under one administration head?

MR. BARR: Oh wow. To be perfectly honest with you, Mr. Nelson, we haven't looked at how you would try to run the thing better. I think there have been comments by some of our members — some of them I heard this morning; I'm sure you'll hear more — about how you perhaps can streamline it with fewer classes and this. But really, no we haven't. All we have just keyed in on is the increases that have been taking place and saying, you know, something doesn't seem right. That's just not a normal type of increase that one expects.

MR. NELSON: One other question. Has your chamber given any consideration, or have you put any input into your meetings regarding the development of a new office/rehabilitation complex as is proposed by certain people, as to whether it is needed or not needed?

MR. BARR: In the back part of our brief, we mentioned that a new hospital is currently being built here. We believe that hospital perhaps could very easily accommodate, on a more regional basis, a lot of what is being planned for a new building in Edmonton if necessary. So our perspective would be that we don't believe a separate building is necessary and that maybe more of the regional approach is required. We believe we could probably accommodate a lot of that in Grande Prairie with the new facility that's under construction here.

MR. NELSON: Considering that your members would have to end up paying for it anyway.

MR. BARR: One way or the other, that's right. We might as well get some benefit from it too, if there are some employees now living in Grande Prairie, as opposed to Edmonton.

MR. NELSON: Good. Thank you.

MR. CHAIRMAN: Okay. I want to say thank you to Mr. Barr and Mr. Powers and apologize for being a little late starting.

MRS. FYFE: I have just one other question. I just wondered if any of your members had toured the rehab centre in Edmonton to find out what they do.

MR. BARR: I'm sure they have. Yes, I know some of them have.

MRS. FYFE: I think that that's important to really understand the differences between the rehab centre and a traditional physiotherapy unit within a hospital. I agree with you that a lot of it can be done outside that specialized centre.

MR. BARR: Yes. I don't think anyone's debating the need for specialized facilities that care for some very unfortunate types of accidents. But it's just a question of, does

everybody need to go to Edmonton for everything?

MRS. FYFE: I think that maybe some of your members should. If they're down, we should try to schedule a tour. I think it would be useful.

MR. POWERS: Mr. Chairman, just one other closing comment, if I may. Could you just instruct me as to what will happen with Bill 51, since it's already passed? What would happen with our particular recommendation with regard to that Act?

MR. CHAIRMAN: Bill 51 has been passed, but not all sections have been proclaimed. The purpose of that is that when the regulations are all finally approved by cabinet — and some of them are still out to the membership; some of your members have received some of the proposed regulations. When the regulations are all in place, then certain other legislation will be rescinded and that portion of Bill 51 will be proclaimed. That's why we're still operating under the Coal Mines Safety Act, the quarries Act, and a few others. The total Bill 51 is not proclaimed.

It would be hoped that by the year end we will have the regulations all in place, and you wouldn't have to have six volumes of regulations. It would be down to possibly 300 to 500 sections.

MR. POWERS: Could we expect a written response to our concerns expressed in our brief relating to Bill 51?

MR. CHAIRMAN: Yes. That will be part of the select committee's review of all the submissions on the Occupational Health and Safety Act.

MR. POWERS: Thank you very much.

MR. CHAIRMAN: Okay. Thank you very much.

United Steelworkers of America

MR. CHAIRMAN: Could we ask very quickly for Mr. Jones and Mr. Petrie to come forward with their submission on behalf of the United Steelworkers of America? Sorry that we have to say "quickly", but that will provide us an opportunity without any coffee breaks or intermission, as I referred to.

I want to say welcome, gentlemen, and I still hope that we'll try to give you a full half hour or so, carry on through, and short-change a bit of the intermission that we found ourselves in early this morning. Who's going to be the spokesman?

MR. JONES: I'll be the spokesman.

MR. CHAIRMAN: Fine, Mr. Jones.

MR. JONES: Mr. Chairman and members of the select committee, the United Steelworkers of America, Local 7621, are concerned that these hearings may be used to make regressive changes to the compensation Act. We are concerned that the economic climate would allow pressure from companies and corporations to make savings at the expense of workers. Our union believes that no worker should suffer any loss of income because of injury or disease arising out of his employment.

The Workers' Compensation Act was put there to protect companies from legal suits

arising from court action to recover damages on behalf of injured workers. Over the past few months, in our experience with the Board regarding claims, it appears that delays in workers receiving compensation are a matter of course. Injured workers are being asked to take on light duties. Companies are making it tougher and in most cases are refusing workers the opportunity to do light duties. These workers are subsequently released from compensation with either meagre disability awards, no jobs — and in fact being made into welfare recipients because of injuries they have received in following their employment.

Members of the select committee must recommend that we reinforce legislation that would give workers the benefit of any doubt regarding injuries. If, through injuries, workers cannot follow their past employment, workers should receive full compensation until they can be retrained and gainfully placed in work that will be compatible with their injuries, at no financial loss to the worker.

We are concerned that the Board's policy regarding lump sum payments could be to make final payout settlement to injured workers. It is our position that only where the worker receives 10 per cent disability or less should this be allowed, if the worker requests it. In no way should it relieve the Board of its responsibility to the workman. Any disability that a worker receives over 10 per cent should be received on a regular basis with a COLA adjustment.

Automatic assumption. While we have been continually pressing to get regulations that would reduce the amount of dust that workers would be exposed to, at this time we have not been able to achieve safe standards. We believe that prevention is the only way to protect workers from this insidious disease, pneumoconiosis. While workers are still exposed to these conditions, it is imperative that after 15 years of service and over in this type of environment, where workers are suffering from chest conditions, it should be automatically compensable.

Survivor benefits and pensions. The United Steelworkers of America, Local 7621, is opposed to the five years' decrease in pension for the widow. It is our position that no worker or his dependants should endure any economic hardship as a result of injuries or disease while at the work place.

Workers' advocate. Workers' advocates have been established to assist workers in pursuing compensation claims. Some have been part-time and full-time advocates in these jurisdictions, and they have proved to be a tremendous help to the workers and compensation boards to help settle problems in a fair and just manner. For those jurisdictions with part-time advocates, the move is to full-time advocates. In the province of Saskatchewan, the move is to expand the service which has proven itself over the years to be a much-needed service. In Alberta, we see the need for a full-time workers' advocate with comprehensive terms of reference and an adequate staff to be appointed. Such a person should have full access to the claimant's file, including the medical file and access to independent medical assistance.

The office of the workers' advocate should be well advertised to make workers throughout Alberta aware that assistance is available. For the workers' advocate, access to the claimant's file is very important. His ability to form an opinion on a claim and make adequate representation to the Board on behalf of a claimant would be very much restricted by not having access to the entire file of the claimant.

We are therefore urging the committee to include this most important aspect into the workers' health, safety and compensation, and recommend that the workers' advocate procedure concept be adopted and implemented for the protection of the workers as soon as possible.

Light duties. In the area of the temporary alternative work program, we believe it has some merit. Our main concern is that it would be abused and turned into a "walking wounded" program or a way of covering up unsafe situations. It would have to encompass five parties: doctor, employer, employee, union, and the Board, and a complete

understanding of a particular case would be of prime concern.

Other concerns would have to be agreed to. One, light duties that are available in industry would have to be defined in every respect of all specific duties. Two, doctors must fully understand exactly what each job demands of the worker. Three, safeguards would have to be implemented, whereby first-line supervisors concerned would not add to the job after an employee has returned to a light duty job; e.g., an employee with a back injury should not be given added duty which would include a rigorous amount of stretching and bending because the supervisor thinks he is ready. Four, supervisors must never interfere with their opinion as to what the employee can do. Five, the doctor concerned, as a medical professional, should have complete authority in these matters. Six, the worker concerned must be given high priority in regard to his fears of the possibility of future aggravation. He must know exactly what the job is. If there is any discomfort while performing the light duty job, it would have to be taken into consideration.

Seven, mental stress is something that cannot be overlooked. Eight, when a problem develops between the worker, doctor, employer, and union, a system for a quick decision from an impartial referee should be in place. Nine, the procedure for discipline to be included for flagrant abuses of the program should be looked into. Ten, along with such a program, a proper rehabilitation centre should be established with live-in facilities. Also, a proper physiotherapy centre should exist which should tie into such a program as a temporary alternative work program. Without the above safeguards in effect, we would have many problems with such a program.

Mr. Chairman and members of the select committee, thank you very much for allowing us to partake in these hearings. I hope you understand our areas of concern and treat them with the merit they deserve. Thank you.

MRS. FYFE: I'd like to ask a question about the lump sum payout. I'm a little bit curious as to the recommendation that you have made. I'm wondering if you do not think that the individual worker often desires and would prefer to have a lump sum payout and be able to make decisions that could affect the rest of his life, such as purchasing into a business of his own, buying a house, or whatever those family priorities are that he may wish to make.

MR. JONES: I've only known this to arise once where I work. A young guy had an accident and did choose to take a lump sum payment. It did help him pay off most of his house. He looked at it at that time as giving him some kind of security. His job was no problem, but it did give him what he thought at that time was a little bit of security: I've just about got my house paid for. But we're not saying anything up to 10 per cent should be given automatically; only if the worker requests it.

MRS. FYFE: But over 10 per cent?

MR. JONES: Over 10 per cent? No.

MRS. FYFE: Why shouldn't a worker be able to make those decisions about what he's entitled to?

MR. PETRIE: I think we've found in the past that a lot of workers are attracted to big money right there in front of them. If they see, just for a figure, \$20,000 sitting there ready right now, they're more apt to go out and take that than to look to the future, where the injury may become aggravated, they may have further problems with it, and they may have to be reassessed in the future.

MR. CHAIRMAN: Are you gentlemen familiar with the Saskatchewan approach?

MR. JONES: No, I'm not.

MR. PETRIE: No.

MR. CHAIRMAN: Lump sum payouts, minimum of \$500, maximum of \$15,000 — that's been there for quite a few years — plus a five-year pension to a widow and, after five years . . . That was legislated a few years ago.

If you have it — no doubt you do — I would recommend that you take a look at it, because it's of interest to us. The philosophy of the chairman of the Saskatchewan Board, who is himself a claimant — he believes that the worker then concentrates on his re-entering and rehabilitating himself rather than how he could increase his compensation from 10 per cent to 20, from 20 to 25. I just suggest that, since you're not aware of the Saskatchewan program. As a committee we intend to look at the Saskatchewan approach.

MR. JONES: Mr. Chairman, I don't think any person has that in mind when he has an accident: how much can I get out of it?

MR. CHAIRMAN: No, no. This is after the claim, after the permanent pension has been established. The adjudication has been established that he's now fit to return to work and, in that province, they will settle in a lump sum practically in a majority of the claims. Here in Alberta it's only entered since 1974 that up to 10 per cent, the Board may consider a lump sum payout. I thought I'd just supplement that to Mrs. Fyfe's.

MR. R. MOORE: Mr. Jones, in your brief you bring up some very interesting ideas; in fact, two of the main ones, the workers' advocate and the light work program, which is very comprehensive here. What is the view of your union — how do you foresee how it's going to be implemented? Who's going to pay for that? Is it the Workers' Compensation Board or the assessment on the employers? Is it the government, or is it a joint deal where the worker, the employer, and the government participate? They are two very worth-while programs, but they're also very, very costly programs to implement. Who would foot that bill in the final analysis, in your idea?

MR. JONES: That's a very good question.

MR. R. MOORE: We like to propose a lot of things, but somebody's got to — the bottom line is that somebody's got to pay for it.

MR. CHAIRMAN: You may want to consider that, rather than . . .

MR. JONES: I think I would, actually.

MR. MARTIN: Just to follow up, because we've heard from previous submissions and just what your experience is. I suppose looking at it from a different perspective of evidence, especially during the recession that we've faced — it's affected everybody, both employers and employees — there is evidence that because of that people are staying on compensation longer, that they're not as anxious to go back to work, or there may be no work. Of course, in a number of briefs employers are complaining that this is not a legitimate role of compensation; that's a different problem altogether. What's your

experience? Is this happening? Is this concern that employers are raising a valid one, in your opinion?

MR. JONES: We haven't had that problem. I can speak personally that that's not the case. I had an accident two and a half years ago, and I am still under compensation for it. Apart from the first three weeks of the initial accident, I haven't lost any time from work. But I have been on light duty. I could have avoided a four-and-a-half-month shutdown last year just by saying I'd aggravated it, and I could have gone on compensation. But I didn't.

I think some people are trying to make too much out of this "people are trying to stay on compensation". I think it was Mr. Chairman that touched on it earlier. You'll always get the odd few; there are always a few that will. But I don't see why we should try to snuff out something just because of the very small minority. We haven't had any more. In fact, I would say that in the last two years, compensable accidents have come down where we work. That's from what I've seen coming through the union hall.

MR. CHAIRMAN: The number of accidents has been reduced.

MR. JONES: Yes. There's always the carry-on ones from a few years ago, recurring problems with the same accident. But I think that over the last two years — mind you, where we work, the labor force has been cut in half as well, as you know.

I think generally that workers are trying to work more safely. I don't believe there's too much money on compensation, that they don't want to be at work. It's the opposite.

MR. NELSON: Just a couple of very brief ones, Mr. Chairman. Mr. Jones, coming back to this lump sum payment issue that has been raised — in fact, I think by everybody here this morning — you're suggesting that the lump sum payment basically should not be more than 10 per cent. Yet Mr. Moore's question basically was, why shouldn't the worker be able to make that choice himself? I think Mr. Petrie partially answered his feelings toward it. But should not the individual really be able to determine by himself, given the best information that's available to him, whether he should get that lump sum payment, rather than it being legislated by a government, by the union determining he should not get it, or by somebody else determining he should not get it? Should not I as an individual, or someone that's injured, be able to make that determination myself?

MR. JONES: I guess this is where the workers' advocate could play a big part in it. Unless an individual is aware of all the facts as to how taking a lump sum payment could affect him down the road a ways if, because of this accident, something else goes wrong — if he's not aware of the facts, I don't think he should make that decision. In a lot of cases, we are hearing that workers aren't being told all the ins and outs.

MR. CHAIRMAN: A supplementary to that question. What's your experience been with the role of the claims adviser under our present system in Alberta?

MR. JONES: With the role of the claims adviser? That's the gentleman that comes around the different areas?

MR. CHAIRMAN: Yes. They'll advertise in your area and in the other areas. Do they not . . .

MR. JONES: Yes, we have one. In fact, every time he comes into Grande Cache he always makes his visit in the union hall, because it's free. I can only speak personally

now, because I'm not invited in if he's speaking with another person.

MR. CHAIRMAN: No. But with respect to Mr. Nelson's question, the decision of one of your members wanting to take a lump sum settlement, doesn't a claim adviser now fulfil that: be able to provide all the information a claimant would need?

MR. PETRIE: I think we found that the claims adviser can go so far as to tell the worker: this is the amount; this is the effect of taking that amount. But the proposal for the advocate that we had in mind was that this person would go with the worker to see a doctor, he would be advised of any potential medical problems that may come from his injury, how to best spend his money, and so on and so forth, whereas we have found that the advisers are just straightforward to-the-book people. There's no . . .

MR. CHAIRMAN: Isn't that the role of the business agent or the union?

MR. PETRIE: To an extent it is. But we have found that we haven't been able to spend the time with these people that we could.

MRS. FYFE: I guess if I could just make one comment, not a question. I would be really concerned if that were expended too far and the wrong advice was given as far as investment and that type of thing. I think you'd have to be awfully cautious in that area.

MR. JONES: Yes, but the only thing we worry about — so long as the worker is given all the facts and information so that if need be, he can make the right decision.

MR. CHAIRMAN: Just to assure you gentlemen that the Board's practice now is that the information is given to the claimant. He is then counselled to leave, go back and think it over, and seek whatever advice he wants to before he or she accepts a lump sum payment. It's not shoved onto them in any way. But I have to say that in the past year we've had some requests for more than 10 per cent, and workers have been happy to get their lump sum payout and go into some business. That's the philosophy of the Saskatchewan people.

Stan, sorry; we got into your . . .

MR. NELSON: That's okay; keep going.

Just two other little points. One is that we've had a lot of discussion this morning from various people regarding the costs that are being incurred to the employers with regard to compensation, especially in the higher risk areas, and then Ron started to get into this a little bit. I think governments and individuals, whether unions or otherwise, all seem to want to come up with various ideas, either to protect the worker or to protect somebody — at least that's the premise that we bring these ideas up — without any thought given to who is going to pay for it.

I don't know whether you want to get into this or not, but the employer is the guy who foots the bill with the compensation, and there's no getting around it at this point. With all these various ideals that people other than employers seem to come up with, who is going to pay? That's a starter.

Are you as a union, or outside groups, prepared to cost-share in these types of items, or is the worker prepared to cost-share? Many of the accidents that do occur, occur because of carelessness, bending the rules, or going off-base for the rules that are there. I said many of the accidents.

MR. JONES: You said through "carelessness". I'm quite sure no one goes out of their

way to cause an accident. You know, we go to work and we're told what to do.

MR. NELSON: But does everybody always do it? That's the question I'm raising.

MR. JONES: If it's unsafe, then we don't do it. If it's safe, yes we do it. But there's always the unforeseen. An accident is an accident. I'm sorry to keep speaking personally, but the one I had — you could phone the specialist, and he told me it's a million to one. I wasn't being careless. I was doing my everyday job, but it was just something that happened, and that was it; a million-to-one shot.

MR. NELSON: I could probably relate to you similarly, where something was not done that an employer had instructed to be done; the worker did not do it that way and was hurt. Certainly it's an accident. But if the employee had done the job as instructed, that accident might not have happened.

MR. PETRIE: I think I can relate to you also, sir, instances where employees have been bullied into doing something without taking adequate safety precautions.

MR. NELSON: That's quite possible, too.

MR. CHAIRMAN: I'm confident that both parties here can start relating . . .

MR. NELSON: We could have a good debate.

MR. CHAIRMAN: I just want to ask you one more question on the automatic assumption.

MR. NELSON: Can I first finish my comments?

MR. CHAIRMAN: Oh, I thought you'd finished, because you were starting to relate things.

MR. NELSON: No. I wanted some indication from Mr. Jones and Mr. Petrie regarding the area of costing and who is going to cost-share. Are you going to cost-share? Who's going to pay for all these various activities that are being proposed? We can all propose them.

MR. JONES: I think the first thing — I should apologize; we were both late arriving here today. We didn't arrive until lunchtime. It's still rather an uneven road, coming up the forestry trunk road from Grande Cache.

UNIDENTIFIED SPEAKER: Well, that's been fixed.

MR. JONES: It has?

UNIDENTIFIED SPEAKER: It's going to be fixed.

MR. JONES: Oh. But since we arrived here, I've heard two or three different ideas of why the compensation Act was brought into being. I'll give you the union's idea of why it was brought into being. Like we said in the brief, it was brought in to stop legal suits.

MR. NELSON: Yes, you stated that.

MR. JONES: Yes. And that's still our answer. The companies preferred this to having legal suits brought against them. Why should we pay for something that we're not causing?

MR. CHAIRMAN: I think I'm going to say . . .

MR. JONES: I don't know any better way of putting it.

MR. CHAIRMAN: I think you've answered it in an earlier question here, Mr. Jones. When you were asked who would pay, you weren't prepared to say that the union would pay.

I think I must interject here and say that I was interested to just get back to your automatic assumption. You referred to:

. . . have been continuously pressing to get regulations that would reduce the amount of dust that the workers would be exposed to, at this time we have not been able to achieve safe standards. We believe that prevention is the only way to protect . . .

I commend you on that, that you believe in prevention. But would you accept regulations that say that if a worker, through his own way of life, diet, or habit, multiplies the risk of pneumoconiosis, he should not be permitted to work in that environment?

I share with you that at a very recent conference at the University of British Columbia the medical profession really pointed out in the scientific world that it's not only an additive, it's a compounding factor. Smoking compounds the risk of cancer; not only an additive. And the same with even alcohol in the diet. I have to say that I would be interested in your comment. That automatic assumption is fine for a person that has led a clean life, and the employer says, yes, the worker has not had the smoking habit, has not been a drunk, or drinking — like Diachuk likes a scotch, you know. I'm told the scotch filters are even cancer-causing, but I'll skip that. But should the employer pay for it?

MR. JONES: Why did you have to pick on the only two worth-while things that the coal miner has, smoking and drinking?

MR. CHAIRMAN: I wanted to show you that that automatic assumption isn't that simple to resolve.

MR. JONES: Nothing is that simple. If it was, then I'm quite sure we wouldn't have sat here.

MR. CHAIRMAN: No, but you used the 15 years and up.

MR. JONES: Well, I'm not too sure of my facts on this, but it doesn't only entail those things you've just mentioned. Forgetting diets, smoking, and drinking, there are such things as dry lungs, wet lungs — all kinds of things come into it. A wet lung has a lesser chance of contracting anything than a dry lung has. In fact, I went through all of that with your department one day.

MR. CHAIRMAN: Well, I want to say thank you to you gentlemen for coming forward. I thought I would just leave with that one, because it's one that was of interest to me. We had about a couple of day's debate on automatic assumption in the Legislature, introduced by the hon. Gordon Taylor. It's there before us, the policy.

It was interesting that an earlier submission today did say that some of these work-

related disabilities should be accepted, but they were concerned about the Board entering into other areas. So employers have recognized it and accept this; it's just a question of to what extent.

Thank you very much for coming forward. My apologies to Mr. Bickell and his colleagues from Canadian Forest Products, but if they can come forward, we'll be pleased to continue.

At this time, I will say that if anybody wants to get a cup of coffee, there is some coffee over here with some doughnuts. Please help yourself.

(The meeting recessed at 2:20 p.m. and resumed at 2:25 p.m.)

Canadian Forest Products Ltd., Alberta Operations

MR. CHAIRMAN: If we may reconvene to hear the submission from Canadian Forest Products, Mr. Roy Bickell.

MR. BICKELL: Thank you hon. Chairman Diachuk, members of the select committee. My name is Roy Bickell. I am appearing on behalf of Canadian Forest Products, generally known as Canfor.

Canfor has been active in the forest products industry in Alberta since 1953. In those 30 years, we believe that we've gained some knowledge of the forest products industry, including the area of safety and accident prevention. We work very hard at eliminating accidents and injuries every day of the year. Our brief was presented to reduce injuries. Our appearance here today is an attempt to influence you to reduce injuries. Our aim is to manage our woodlands operations, our sawmills, and our plywood plant in a manner that allows each and every one of our employees the best possible opportunity to return to their friends and families safely every day.

We have a full-time work force of approximately 730 people. In addition, during the winter logging season this increases to approximately 1,560 people. To arrange that this many people work safely is quite a responsibility, particularly when over half of the total are seasonally employed.

Our program begins with our corporate policy, which is as displayed on the side there: safety comes first in the Canfor Group. It's on the floor right next to the counter. We give that particular motto a lot of credit — it is signed by the president of our company — and people that don't believe in it and don't practise it aren't long employed with the company. The end result is some of the best results in the industry in the area of safety, and I have a couple of examples I'd like to share with you.

For anybody that's on that side of the room, you might like to move across. I apologize. We couldn't figure out a way to show that to everybody, but I hope the commission can see that.

In this first example, we've taken our historical information from the years 1979, 1980, '81, '82, and the first half of 1983, a four and a half year period, and we've compared our frequency rate. It's on the basis of a million man-hours. Earlier today there was a reference to 200,000 and, as far as I'm concerned, that's not a standard way of doing it. This is a standard industry frequency rate. We've compared our three areas where we work — plywood, logging, and sawmills — over that four and a half year period, to the B.C. industry frequency rate. We think it's more meaningful to compare to there.

First of all, in our plywood division our frequency rate is 11.67, compared to the industry in British Columbia of 34.27; in other words, we're better by approximately three to one. In logging, it's 12 to one. In sawmills, it's five and a half to one. The overall is 11.67.

Our second example of these two, for the same period of time, the four and a half years up until June 1983, we're comparing our actual Canfor costs on information coming back from the Workers' Compensation Board. We had costs of \$668,000 in four and a half years. During that time, we had total assessments of \$3.8 million. What we're saying is that of our assessments, 17 cents of every dollar was spent on our costs, another indication of a good record.

Another way of looking at those same statistics is on a net assessment after rebates. We get our rebates regularly. The \$668,000 compared to our total net assessment of \$2.5 million — in other words, our overall costs could have been nearly four times as much as they were and we would still receive maximum rebates.

We are trying to indicate to you that with that kind of background, when we talk about reduction of injuries, we would like to leave you with the thought that perhaps some experience is represented in our last 30 years in Alberta.

On August 15, we delivered a submission to the select legislative committee. As we stated in our brief, we are pleased that the select committee of the Legislative Assembly of Alberta has been appointed, and we welcome the opportunity to express our concerns and recommendations for improvement. It is not my intention today to read our 31-page brief but to highlight certain aspects of our submission and to provide additional comments to support some of those recommendations.

A new Workers' Compensation Act came into effect on January 1, 1982, bringing with it several significant changes to workers' compensation legislation. Canfor and many others expressed concern to the previous select committee about the disastrous consequences of many of those changes, but to no avail. The previous select committee tended to ignore industry concerns and recommendations while readily accepting suggestions from the WCB administration. The results, in our opinion, have been disastrous. The results are embarrassing to the Alberta government. The results ignore many opportunities to reduce injuries, and we would like to key in on that today. And the results bring us back here once more, going through the exercise again at this very early date.

Our suggestions to the committee are two: please don't ignore those who have been successful in their efforts to reduce injuries despite the retrogressive legislation that we've had to contend with and, two, don't assume that everything proposed by the WCB administration makes sense; it often does not. We suggest that there is much the WCB can do that the WCB has not been doing, to help us and others in our effort to reduce injuries.

Today, up until this presentation, there has been a lot of talk about costs, and we also intend to talk about costs. But we think the best way to address the whole business of costs is to reduce injuries. That is the guts of our presentation.

You should be aware that there has been considerable mistrust created by the passing of Bill 38. When the various changes to the WCB legislation were being proposed by the 1981 Act, industry was insistent that the legislation changes (a) contained many problems, (b) could and should do more to encourage fewer injuries, and (c) would lead to excessive cost increases.

In the area of costs, we were told that while there would be some increases, they would be minor. I would like to go through very quickly, if I could, six steps that lead to this feeling of mistrust that was created by the passing of Bill 38.

The first step I have is that we were told the medical costs would be paid by Alberta health care and that this would provide a significant offset to the cost increases that would otherwise result. That was step one.

Step two is where I and others in this room and throughout Alberta were repeatedly told that medical care costs would be paid by Alberta health care.

The third step: the WCB printed a booklet — I believe you're probably familiar with it; if not, they're passing some by — entitled What You Should Know About the Workers'

Compensation Act, 1981. In the introductory part of that booklet, it says:
A new Workers' Compensation Act comes into effect January 1, 1982 bringing with it several changes to Workers' Compensation legislation in Alberta.

It goes on:

The purpose of this publication is to provide general information on the most significant changes.

So the highlights should be in that book. It then lists, under the heading Costs:

All costs for basic health care services, as defined in The Alberta Health Care Insurance Act, will be paid under Alberta Health Care Insurance Plan.

That was step three.

Step four: the WCB proceeds throughout 1982, assuming that Alberta health care is responsible for costs of basic health services.

Step five — we're now into 1983 — the annual report of the WCB is held up due to a disagreement between the WCB and AHC. But finally a draft is printed which states that costs in relation to basic health services were paid by the Board in 1981 and by the Alberta Health Care Insurance Fund in 1982. The cost of this item in 1982, should it have been the Board's responsibility, is estimated at approximately \$24 million.

Step six, the final step, June 1983, unilateral dictatorial application of Bill 38 in its retroactive application. What happened to the committed offset to cost increases? It was arbitrarily wiped out, and that's where the ill will and bad feelings came from.

I don't believe anybody on the commission is surprised at those facts. Actual members of the government were also expressing concern, as evidenced by the reading of Alberta Hansard of June 1, pages 1289 through 1292, where there were people talking about businesses' concern about being double-crossed.

The minister refers to a WCB news release in Hansard, page 1292, June 1, 1983, that there would be no increase in the rates for 1984 and the rates would be maintained at the '83 levels. He went on to say that this would also take into consideration "the reversal of the legislation that was part of the Workers' Compensation Act in 1981." So we are supposed to be pleased that the '84 rates will remain frozen. This is also misleading, because our costs will actual increase. I would like to spend a bit of time going through that. I noticed a number of questions this morning that homed in on this whole matter of cost increases, and I don't think anybody appreciates how disastrous they are.

First of all, freezing the rates is one thing; living within the assessment is another. In the past two years, WCB costs have increased dramatically. Canfor's net costs of WCB jumped 60 per cent, from approximately \$600,000 in 1981 to a net projected cost of \$1 million in 1983. That particular view graph shows it in two ways. The first half of it, part (a), our 1981 costs on a net basis, assuming full merit rebate, were just over \$600,000, and our 1983 costs projected are just under \$1 million. So we have an increase of \$363,000 in that short time frame, and that's 60 per cent.

If, like a lot of other companies, we were not getting the benefits of the merit rebate, our costs would have gone from \$908,000 to \$1.452 million; again, a very, very large increase, \$544,000, again 60 per cent. Those calculations are based on the fact that we are operating with fewer people today. That's out of our budgets for the year. I double-checked the numbers; they are accurate. If anybody wants additional information, it can be supplied.

MR. CHAIRMAN: Mr. Bickell, can you just explain why your 1981 costs are different?

MR. BICKELL: The first half is assuming full merit rebate, and the second half is assuming no merit rebate.

MR. CHAIRMAN: But '81 costs should be '81 costs.

MR. BICKELL: Well, you can report them on net or gross.

MR. CHAIRMAN: You're going to have to lead me through that, unless somebody else here . . .

MR. BICKELL: Yes, I will. Let's go slow and easy from the top down. We say at the very top that our 1981 costs netted at \$605,000. We sent you \$908,000, but we had a good performance so we got a rebate. Our net costs are that, and our gross costs are that. We sent in \$908,000. We had a good record and got some back, so it cost \$605,000.

I wasn't sure whether I should try to show you our costs — if I showed you this number, someone might say it's overinflated; if I showed you this one, they might say I'm understating it. But I'm showing you both, and it's accurate. So we paid in \$908,000. We have a very good record. With that record, we get a rebate. The rebate brings it down to \$605,000. In 1983, we projected similar cases: if we don't get a rebate and if we do get a rebate.

Our concern here is that at the same time that we have these — this is only part of it; this only gets worse as we go along — the WCB has also increased their deficit by \$89 million in the two-year period ended December 1, 1982. So these costs didn't get anywhere to the right level.

The freeze in rate is misleading. It is an arbitrary rate with no valid basis. On page 6 of the Canfor brief, we comment on the change in ceiling from \$22,000 to \$40,000. It appears that the WCB either does not understand the dramatic cost escalation resulting from this change or does not wish to admit that such deplorable costs would result. Canfor has repeatedly objected to the dramatic ceiling change from \$22,000 to \$40,000, both prior to and since the change was put into place.

As recently as March 18, in defending the change, the minister stated, and I quote:

When the ceiling was \$22,000 for 1981 the average earnings covered were \$20,882, while in 1982 the ceiling was \$40,000, and the average earnings covered were \$23,000.

I have also developed a transparency to try to show that: on the left-hand side, in 1981, the ceiling of \$22,000; on the right-hand side, the ceiling jumping to \$40,000. We are told that the provincial average earnings in 1980 was \$20,000, jumping to \$23,000.

The minister was supplied with this information to indicate that increase in costs would be modest, based on the assumption that a change from \$20,000 on the left to \$23,000 on the right was only 10.4 per cent, thus this should not be viewed with alarm. Unfortunately these figures by themselves are very misleading and, if fully understood, must in fact be viewed with alarm.

While increasing the base only 10.4 per cent, the class rates were also increased by approximately 15 per cent, resulting in a cost increase of approximately 27 per cent when compounded. This 27 per cent increase may represent an increase for an employer of a class of low wage earners who also received no wage increase during that time frame. However, the cost increase is well over 27 per cent when the wage earner is earning more than \$22,000, due to the increase in the ceiling, and even more as a result of wage increases he receives during the period of time viewed.

In this lower half, the initial assumption was that we would have a 10.4 per cent increase and it would not be excessive. The actual effect was cost increases from 22 to 108 per cent. We just simply said that the final assumption is that the initial assumption was wrong. That's what's happened to our costs, and I have some more information later to show you where the 108 per cent comes from.

We would like to take a few minutes to indicate to you how our costs of the WCB have increased in two years, in some areas as much as 240 per cent. Now, despite the rate freeze, our costs will increase in 1984. I apologize. I didn't realize that the red at the bottom would not show, but there are handouts. I hope that they are appropriately colored, as the transparency is.

If you will bear with me, I've highlighted three rows of green numbers. If we could deal with the first row at the top first, what we are really saying is that in 1981 — I am trying to compare the relationship of earnings, assessable earnings, and ceilings. I have taken the hourly rate, and the first column shows the minimum hourly rate. We just didn't pay anybody less than \$9.35 an hour in 1981. I have multiplied that by the hours that person would work per year, ignoring overtime, and I have calculated that his earnings would be \$19,448. In that particular case, it would also be his assessable earnings.

I have made the same calculation in the next column for an arbitrarily picked middle rate, then in the third column for a high hourly paid employee and, finally, an upper salary rate, to try to cover the whole gamut. In that particular year, the ceiling was \$22,000. So in the very right-hand column you can see that while we may have paid an upper salary rate of \$40,000, the ceiling of \$22,000 had us paying assessment only up to \$22,000 for that individual. Then I've taken the same calculation for 1982, when the \$40,000 ceiling came in, and in 1983. You can see that by 1983, everybody has passed the \$22,000 ceiling; in other words, every wage or salary increase that we give any of our employees for the first time attracts full assessment, so it has a very compounding effect.

I apologize for the bottom line. I hope that the handout can be read. But if we compare our two-year cost increases, 1981 to '83, in saying that '81 is a base of 100, then the 1983 column is, in round numbers, 115 per cent, 115 per cent, 141 per cent, and 182 per cent. But this goes much farther; this is just one step that's about the third step of the horror story.

The next transparency takes those same green numbers that were highlighted on that first handout to the second handout. So now we have taken those assessable earnings that we calculated for the years 1981, 1982, and 1983 and multiplied them by the assessment rate, which has been increasing from \$12.25 in '81, to \$14.05 in '82, to \$16.15 in 1983, I believe. We have finished all the calculations. So the final results of this are that in 1981, being a base of 100 — this is where the money comes in — our costs have gone up from a low of 151 per cent, through 186 per cent, to as high as 240 per cent on those individual cases given there. The problem is that there is a general attitude that it went up a bit, from 14 to 16, but all those other compounding things in there make the system not work at all.

If you were to look at the third to last line — I should have highlighted it — it says "gross assessments". On the left-hand side, it says \$3,607. It costs \$300 a month for our lowest paid earner just to cover him with workmen's compensation — \$300 a month for our lowest paid earner, who works absolutely no overtime in this example. As you go across, the next one is roughly \$350. We get over to that high hourly, and we're paying some \$400 a month. In the example, some are earning \$40,000 a year; we're paying \$500 a month to cover him for compensation. That's got to be wrong. The industry can't afford that. Our competitors don't do those kinds of things.

There is reference in Hansard that our rates are frozen. Well, the assessment rate is frozen. We have a contract with our employees that during the year 1983 gives some increases, and some of those contracts spill over into 1984 and there are rate increases. So those numbers are getting larger and larger. Even when there is an assessment rate freeze, our bill gets larger. So there really isn't a cost freeze; there's an assessment rate freeze. I mean, it helps. It's also misleading in the fact that while all this was going on

and we were paying those bills, and the bills were as much as four times what our costs were, they were still running at large deficits, as much as \$89 million in a two-year period. I don't know where you stop with the story, but that's as far as we intended to take that part of it.

I have one more slide to show you, in the area of merit rebate/superassessment. It's been talked about a lot today. Our concerns were completely ignored by the previous select committee, and look at the ongoing failure of that system. That transparency I have headed A System Where Super Assessments Should Equal Merit Rebates. Nothing's perfect, but it should equal or be close to.

We looked at a four-year period, and the superassessments to merit rebates have a ratio of error. In fact, the closest they ever came was 23.5:1 in 1981, and they got as bad as 28:1 in 1982. In the four-year period, we have superassessments in this province of less than \$9 million, and we are handing out merit rebates of \$224 million on a system where the left-hand column was supposed to equal the right. The system is a complete failure. It has been for years. It was when the last select committee made its review, and it was not changed. It has actually become worse; it's now 28:1.

On pages 4 and 5 of our brief, we have noted the above problems, we have made a recommendation for change, and we have listed the benefits. It is detailed in appendix 1. Earlier in the day, there was a lot of concern about a merit rebate/superassessment that might perform a useful function. That one, we contend, doesn't. One of the concerns was that it would hurt a small operator. In our proposal, in appendix 1, item (v) says:

No one occurrence will be allowed to effect the rates of any one account by more than 25%. This will prevent single accidents from unduly impacting small account holders.

We would like to just draw your attention to that particular note, other than the total representation, for which I just don't have time today in my half-hour allotment.

If you ignore everything else, you cannot ignore one key area; that is, the tremendous opportunity that you have to improve safety performance and reduce suffering and injury by recommending the appropriate changes, such as junking the present merit/superassessment system. We believe that if the system really worked, where merit rebates and superassessments equalled one another, there wouldn't be the tremendous tendency where those with a very good safety program are subsidizing those who have just tremendously poor programs.

I would like to make two comments regarding the Industry Task Force brief. Before doing that, I would like to make the committee aware of the fact that our company vigorously supports the Alberta Forest Products Association brief, which you will be reviewing later in the month at Lethbridge, I believe, and generally the Industry Task Force.

But I have two comments regarding the Industry Task Force brief. On page 33 of their brief — and you have a handout of that — they make a recommendation regarding waiting periods. Canfor supports the principle of a waiting period, and that's noted on page 13 of our brief. However, we wish to go on record as vigorously opposing the alternative of employer payment for same. We are convinced that the apparent potential for abuse would make such a system impossible to monitor or control. Please don't saddle industry with such an idea. The Alberta employer must have some method of controlling costs and absenteeism or he will lose his competitiveness.

On page 20 of the Industry Task Force brief, there is reference to a promotion/relegation concept. We believe such a system, if applied along with the Canfor merit/excess cost assessment system, would develop an ideal system, and we vigorously support that.

The Canfor brief contains 20 recommendations that, if implemented, we believe

would reduce injuries, streamline administration, reduce paper flow, and bring down costs. I have already touched on a number of the recommendations contained in the Canfor brief, such as reducing the ceiling, the problem of escalating costs, and our proposed merit rating system. It would take much too long to review all of the Canfor recommendations today. Therefore I will only touch on a few before closing.

On page 3 of our brief, we suggest that it is important that the number of classes be reduced, for the many administrative benefits. Canfor also believes that our recommendation on page 8 of our brief, dealing with new accounts, can be of considerable benefit in reducing accidents and injuries. We would like to think that the committee will be guided by such potential results. If you take the time to review our recommendations, you will note that each section lists the expected benefits. If you review the expected benefits, you will note that most refer to a reduction of accidents and injuries as the benefit. We think that the potential reduction of accidents and injuries should be the primary aim of all of us.

We welcome the opportunity to answer any questions, both now and later, if they arise. Thank you.

MR. CHAIRMAN: Thank you, Mr. Bickell. I regret that we almost went the whole half-hour. I just want to be assured of one thing. Your submission indicates that you recommend — you used the word "junked" — that the merit rebate/superassessment program be totally cancelled, I gather.

MR. BICKELL: Well, I guess maybe that's a play on words.

MR. CHAIRMAN: You used the word "sham" in your brief, and you said to us verbally to junk it.

MR. BICKELL: In my mind, anything that has a ratio of error of 28:1 tends to fall into that type of category. Rather than just say that, stop there, and wonder what we're up to, we have taken a lot of time to develop what we think is a well-thought-out system that it could be replaced with. It's different enough that I don't think you can call it the same thing.

MR. CHAIRMAN: So you have changed from your '79 submission.

MR. BICKELL: Oh yes.

MR. CHAIRMAN: In '79, you said you supported the concept.

MR. BICKELL: We support the concept, but we suggested that the system should work in such a way that the two systems balance, that the superassessments equal. Nobody did a thing about it. So if that's going to stay in place, we say maybe we should junk it, and we've suggested a better system. If somebody can think of a way to make the superassessments equal the merit rebates, we would sure look favorably on that. We haven't come up with a way that we could do that.

MR. CHAIRMAN: Well, for the record — and I judge you have your copy of the '79; I have a copy of the '79 submission in front of me — your only recommendation was to increase it from 33.33 per cent to 50 per cent.

MR. BICKELL: Well, it was along the same lines. If they were to continue using a system like that — and it seemed to be our judgment that they were — the best thing

would be to at least modify it. Unfortunately even that wasn't done. If it had been done, the balances would have been better than 28:1. Because if you had charged those who were doing poorly more and rebated those who were doing well more, it would have been more in line. But unfortunately it didn't; it went to 28:1 from 23.7:1, or something.

Times have changed, and we are now recommending another system. Whether you consider that, buy that, or have a third system or a fifth system isn't so important. We're trying to reduce injuries. I think those who do a good job of it should be rewarded, and I think those who do a lousy job of it should have some penalty. Now, the penalty should not put them out of business, at least initially. But if they go on to ignore and get to 250 per cent and things like that, then our program is fairly in-depth. It is then suggested that there be some audits, some questions asked, and some programs developed to solve those programs. That's terrible that there are all those injuries. So this is a far more thought-out, in-depth proposal that I would respectfully suggest we would really appreciate your reading.

MR. CHAIRMAN: I regret that we don't have time to get into further questions, because we've used up more than a half-hour.

MR. BICKELL: We were told that we were allocated one-half hour, and the question period would be beyond that. I don't object to what you're doing, but I feel a little bit badly that things are so out of whack with our costs. We are not competitive in Alberta, compared with some other people. There is an opportunity to make a lot of improvements and changes in the reduction of injuries, and that's how to get after costs: to reduce injuries. After all this period of time, if we are going to change the Act and you're in a panic, that's most unfortunate.

MR. CHAIRMAN: I can assure you that the brief has been reviewed, and quite extensively by some of the members. I want to thank you for the submission.

MR. BICKELL: You're welcome.

MR. CHAIRMAN: As you know, I personally attended one of your functions in recognizing your safety program at Hines Creek with the MLA for the district, Grant Notley, and it was good to see a company such as yours. We just had to put some time frame on this program. You saw this morning that we even permitted two people to come in, and you heard their submissions. They were concerned, small business men in Grande Prairie, that they would be put out of business with a greater charge of superassessment or some penalty section.

MR. BICKELL: Yes, I appreciate that. Perhaps I could leave this thought with you: if at later times, when you're reviewing our brief in some detail — and hopefully you will — if you have any questions, we would be very happy to appear, answer by mail, or whatever.

MR. CHAIRMAN: That's welcomed. Any member can do that.

MR. BICKELL: Thank you.

MR. CHAIRMAN: Thank you very much.

Mr. Elmer Borstad

MR. CHAIRMAN: We'll move right on to the next one and try to continue working. Mr. Borstad, would you like to come forward? Please proceed, Elmer.

MR. BORSTAD: Mr. Minister, members of the panel, my name is Elmer Borstad. I'm representing our company, Borstad Welding Supplies. We're pleased to be able to make this presentation today to the government of Alberta on the serious problems encountered not only by ourselves but other companies across the province. I became quite familiar with that in the last four years, when I was in government, with the number of people who came to me with their problems. Some of the things in this brief today are reflections of what I've heard in the past through other people in the community, and some I'll touch on are reflections of some of our own costs and some of the problems we've had.

I'd like to touch on six areas: the assessment system; limits of benefits; third-party liability; contractors; medical aid payments; and waiting for benefits.

Our company is a small company with a head office here in Grande Prairie. We have branch offices in Peace River, Slave Lake, and Whitecourt. We employ about 30 people on a full-time basis, and our business involves selling welding supplies to the retail trade throughout northern Alberta.

First of all, I'd like to start with the assessment system. It is our considered opinion that there are today too many classes in the system. I'm not sure of the total number of classifications and subcategories, but I think if you used the premise of encompassing the principle of sharing responsibilities and risks, the broader base would necessarily reflect fewer fluctuations in the rate base. You'd cut down on the number of classifications you have and spread it out so that you have a wider base.

The merit system and superassessment. Although it doesn't affect our company, I know many companies that it does. I believe it is not working. It doesn't provide a realistic incentive to improve safety, and it doesn't penalize the poor performers that much.

MR. CHAIRMAN: Elmer, you may want to share with the committee why it doesn't affect your company. Does Borstad Welding not participate in the merit rebate program?

MR. BORSTAD: We haven't received any.

MR. CHAIRMAN: So you're in the class that there's no . . .

MR. BORSTAD: We're in a lower class.

The limits of benefits. This is one that has affected our company. In 1981, when the changes were made from the \$22,000 base to the \$40,000 base, it affected our company by almost doubling. We had gone through a period of time when wages here in Grande Prairie were increasing drastically. If you wanted to keep an employee, you had to pay him. People were hiring him across the counter, and everything else. So our employees were getting paid better, and when you go from \$22,000 to \$40,000 — if it had to be increased at all, it should have gone up halfway or started at \$30,000, something like that, before it went to the \$40,000 ceiling. That has been one area that has affected us. It has increased our assessment almost 80 or 90 per cent.

I'll go on to third-party liability. I'm not going to read this, because you have copies; I'm just going to touch on some of the highlights. Under the present system, the cost of disability is charged to the account of the employer of the injured worker. Recently we

had a vehicle accident on the road. Our employee was covered by compensation. He was hit from the side by a person in the wrong. Naturally our account was charged; the other fellow didn't have any insurance. I'm not sure whether eventually the Workers' Compensation Board will claim against that person or not. But I don't think it's fair, if you're perfectly in the right, that your account should be charged with something that's happened by a third party.

The item of contractors. I believe that the proprietor section of the 1981 Act caused nothing but confusion. You should revert to the independent operator, as it was in the old Act.

Medical payments. The Act was first presented in 1981. It was proposed that Alberta health care would take over the medical payments. This was intended to help offset the cost increases that would be coming into effect. That didn't quite happen, because Bill 38 recently wiped that all out. I think if the government makes a commitment, they should stick by their commitment. If medicare is going to be universal, it should be universal for all accidents and all types of medical care.

The waiting period. Most benefit programs, such as unemployment insurance, private insurance, or any other types of insurance like that, have some sort of waiting period. It is our considered opinion that if there were a two- or three-day waiting period — even two days — you'd eliminate a good portion of your accident claims.

I'm sure we all want to see that our employees are well taken care of after an accident, and I think compensation should be and is a form of insurance to help employees overcome lost wages due to an accident. I don't think compensation is intended to pay as much as or more than regular wages. Under the present system, there is little incentive in some cases for an employee to return to the work place. In today's uncertain economic times, the business community is struggling to stay alive, and all costs have to be controlled wherever possible. I believe the present rates are excessive in many cases, and any new or further increases in compensation assessment will only add to the burdens of an already staggering business community.

I'd like to thank the minister and the panel for giving me the opportunity to present this here today.

MR. CHAIRMAN: Are there questions for clarification?

MRS. FYFE: What you're saying, then, is that the worker should not receive any wages for a two- or three-day period after an accident. Is that . . .

MR. BORSTAD: That's the way it is in many cases. When you have an insurance claim, your medical claims, there is always a day, two days, or three days; seven days on unemployment insurance.

MR. CHAIRMAN: You're not suggesting that the worker be on the employer's payroll for that two- or three-day waiting period. That was the recommendation of the 1980 report.

MR. BORSTAD: I'm not recommending that, although we do it ourselves in our own company.

MRS. FYFE: I wonder if we could get any clarification from the resource people regarding the third-party liability in an accident. Al, would you be able to comment on that?

MR. RUNCK: The way that works is that when a claim is reviewed and a probable third party is identified, our legal department becomes involved. They correspond, advise the

worker of his situation, and point out that his rights will be subrogated. If he doesn't wish to take action, the Board may. Usually in a third-party situation it takes two or more years as litigation in a court situation. But if a judgment is obtained against the third party, the accident experience record of the employer is relieved of all the costs.

So if there is a large, costly claim arising out of this accident you've described, Mr. Borstad, and a judgment is received against a third party, it doesn't matter how much we recover, your accident experience record is relieved fully of all costs. That's something our legal department works on automatically once a third-party situation is identified.

You have two third-party situations. The other one is looked after by section 89(2) of the Act, where you have two employers who are covered by the Act and the worker or the employer himself in the first instance is injured because of negligence or whatever by the second employer under the Act. The first employer can bring this situation to the attention of the Board and ask to have his experience record relieved of the costs. The assessment review committee then reviews the situation and makes its determination on proportion of liability, full relief, or whatever the circumstances dictate.

MRS. FYFE: In a situation where the employee is obviously not at fault and has not been charged, why would there then be a penalty on the employer even while this is being settled through the courts?

MR. RUNCK: We have no definite finding that there was a third party involved. Simply the fact that an accident occurred — you can't make the assumption that a third party is wrong until the courts make that decision.

MR. CHAIRMAN: Is the practice to await the court decision on the infraction or violation?

MR. RUNCK: That's correct.

MR. CHAIRMAN: Does the Board as a practice then immediately enter into it after that case is heard, to consider relieving the employer of the . . .

MR. RUNCK: It's done immediately we have advice of the judgment.

MR. CHAIRMAN: So it would be in the best interests of the employer, as Mr. Borstad uses an example, as from time to time he is able to know sooner than the Board's staff, to let the Board's staff know that the case has been to court or anything like that for its own relief.

MR. RUNCK: Oh yes, he could contact — actually our legal department is involved very much.

MR. CHAIRMAN: That's what I wanted to hear.

MR. RUNCK: They're in constant touch with the solicitor, the solicitors in the court and so on. They probably would know as quickly as Mr. Borstad. But there may be a situation of third-party involvement where it doesn't come right out at us when we're looking at the claim file. It may not really indicate that from the information that's been given us. If the employer feels this is so, then he would be well advised to advise the Board that there may be a third-party involvement.

MR. CHAIRMAN: Possibly you could have your office just check that one particular file

of Elmer's that may be in the paperwork. This is not flowed through to the Board, but we'd be pleased to see that.

I thought there was sufficient mechanism there that the employer wouldn't be saddled with the costs.

MR. BORSTAD: There has to be a court case with a judgment, though, before it's removed.

MR. CHAIRMAN: Not according to Mr. Runck.

MR. RUNCK: We don't move on it until we establish negligence or guilt, and the only way you can do that — under the laws we have, you're innocent until proven guilty.

MR. CHAIRMAN: Yes. But in response to Mr. Borstad, you only await the third-party violation or infraction to be dealt with by the other courts.

MR. RUNCK: By the courts.

MR. CHAIRMAN: Traffic courts, whatever it is. And when that's disposed of, then . . .

MR. RUNCK: Usually it all comes together. Usually a judgment is obtained whereby the judge finds that the third party was negligent or at fault or did wrong. Simply the fact that a third party is guilty of some minor traffic infraction may not be sufficient.

MR. CHAIRMAN: That's what I gather you were right on, yes.

The other action must commence. But it would be worth looking into a little closer. That's what Mr. Borstad's understanding is, I gather, that your company has to wait till action is commenced against the third party.

MR. BORSTAD: I'm wondering how long you can leave that on there before it's taken off, or is it ever taken off? I wasn't sure.

MR. RUNCK: Mr. Chairman, if Mr. Borstad has a particular claim in mind, he can contact me, and I could check into it.

MR. CHAIRMAN: Any other questions here? Okay. I want to say thank you, Elmer, for taking the time and coming forward.

Maybe we can now have a 10-minute recess. I appreciate the patience of the Grande Prairie Construction Association, which was supposed to start about now. But if they give us about 10 minutes, we should be able to get on to them. Thank you very much.

(The meeting recessed)

Grande Prairie Construction Association

MR. CHAIRMAN: If I could have the gathering get reconvened and have the representatives of the Grande Prairie Construction Association come forward, lady and gentlemen. Or is it just lady and gentleman? We have two other names. They didn't show up?

MR. PELLAND: No, there's just the two of us.

MR. CHAIRMAN: Maybe you could remove the two names that don't apply.
Okay, who is the spokesman?

MRS. MATHISEN: Mr. Chairman and members of the select committee, as private contractors in the Grande Prairie area, we wish to speak only on selected portions of the brief submitted by the Alberta Construction Association, to which we belong. We preface our remarks by stating that our comments stem directly from our own experience and that specifics contained in the Alberta Construction Association brief may have to be elaborated on by the ACA delegation, which will appear before you in October in Edmonton. However, we will attempt to answer any questions you may have.

My name is Adrea Mathisen, and I represent a small contracting firm in town. I belong to classification 6-03. By small, we have an annual base of approximately 18 employees. I have three subjects I'd like to touch on: the ceiling raise from \$22,000 to \$40,000, the present merit rebate system, and some of the regulations.

Raising the ceiling to \$40,000 has represented a cost to our firm of an increase of 16.5 per cent. This is not taking into account any yearly increase, just the actual raising of the ceiling. In dollars, that represents to us approximately \$4,200. For a small firm, that's a very high added cost. These figures are based on approximately 50 per cent of our employees reaching over \$22,000; none went over \$40,000.

The rebate system at present — we are fortunate, with a good accident record, to be able to receive the rebate the following year. We're in the higher classification, and our rebate last year was approximately \$8,500. Those two figures add up to well over \$12,000. Basically the \$4,000 which we don't get back comes directly out of our profit. The \$8,500 represents working capital which we as a business could be using throughout the year. These are two areas that definitely bring down profit for the company and, in our instance, profit for our employees. So these two matters are of great concern to us. The ACA has put forward other methods of merit rebate, which I'm sure you've already looked at.

The other point I'd like to bring to your attention is that at present, accidents are being paid by WCB that are not specifically job related, and therefore become a cost to WCB and the employer; for instance, horseplay. We acknowledge the fact that as an employer we have to give our employees supervision and guidance in all aspects of safety. When you're a small contractor and are all over the province, you have to continue to educate them but can't be with them all the time. Incidents like horseplay can result in accidents that cost the WCB and the employer a lot of money. We certainly realize that the employee could be terminated for that action, but the cost has already been incurred by both. That is an example of one of the regulations we'd certainly like to see looked into.

Those are the three points I'd like to bring up on behalf of my company.

MR. PELLAND: I'm Len Pelland. As well, I'm here on behalf of the Construction Association, and I'm also an independent operator. I'm a plumbing and heating contractor, and we employ approximately 40 to 50 people. We do work throughout the Peace River country, and sometimes up into the Northwest Territories.

The first topic I'd like to address, which is part of the ACA's submission, is the increase in rates. We've seen our rates go from \$11,830 for a total assessment in 1980, up to \$23,507. This is based on a payroll assessment in 1980 of \$525,000, to a payroll in 1982 of \$824,793. During that time, our rate structure has gone from \$2.25 to \$2.85 which, between the assessment increase and the wage assessment increase, gives us a total increase of 55 per cent in just one year. That's a 55 per cent rate increase just in the year between 1981 and '82.

As a contractor, we find that quite discouraging. We feel it puts a tremendous burden on a small contractor. Regardless of the economic climate — although we're in a bad situation now — even if it were a buoyant economy, I think that kind of percentage increase is just unrealistic.

In regard to this area of assessment and reimbursement to the individual, when the injured individual receives up to 90 per cent of his salary and it's non-taxable, plus there's stacking of other benefits we as employers normally provide — loss of income and that sort of thing — the injured workman could possibly receive a higher disposable income than if he'd continued to work. So when these rates are established, I think those things have to be taken into consideration. We feel there's no incentive for the employee to come back to work.

Another area of concern is the rebates. The ACA has quite an elaborate formula — and a good formula, I think — on rebates. We received a form letter on July 4 that indicated there would be some revision to the rebate system. Our concern as a company is that it isn't hidden, that there's not some kind of a magic wand someone waves and says, you're going to have a rebate — based on what, we don't know. We'd like to see a set, firm formula and, of course, we support the one in the ACA form.

Comments on independent operators: the ACA brief does touch on this, but I don't really think it goes deep enough. My concern is that the smaller contractors are liable — anyone's liable — for anyone they hire. If they default in their payments to WCB by bankruptcy, or the smaller operator defaults in his payments to WCB, we as the contractor that's hired him become liable for his premiums. If you could imagine a small contractor that's maybe just going into business, or has been in business for a while but employs up to maybe 10 people, or even a firm like ourselves, it's pretty difficult to keep track of every single backhoe operator you hire, everyone that comes along with a truck to haul something for you, to ensure that when their contract is complete with you, they have paid their dues.

We got assessed last year, and it woke us up to the fact that that clause was actually in the policies. Until that time, we weren't aware of it. If it was big enough, it could possibly break contractors. I think the WCB should do their own homework and their own policing of accounts receivable, the same as we contractors have to do.

My other concern is the make-up of the directors of the total WCB with their \$360 million-odd budget, which comes directly from the pockets of the owners of companies, that we have a direct involvement and say in the policies and daily operations of WCB. The fact that there'll always be government, that the WCB will always be under government policy and their legislation, and that most politicians are looking after the individual generally — and I would think usually the smaller fellow's case is well looked after. Rather than having as directors people from labor unions or people more sympathetic to labor, I would like to see on the board more business people who, in the interest of maximum dollar value out of each dollar spent, run it as a business. In some cases, when it gets too big and you get too far removed from it, you lose sight of these things.

I'd also like to see that when the appointees are made from industry, they cannot be vetoed by government. If three directors, let's say, are finally appointed to the Board by industry — they will select them through the various organizations; for example, through the ACA — they cannot be vetoed by the government. Perhaps they have a limited term that they serve on the Board — three years or whatever — but the names cannot be vetoed.

The second part of your mandate, if I read it correctly, outlines new facilities. Although I'm in the plumbing and heating business and I'd love to see you build lots of buildings, I think at this particular time the timing is wrong. I think we should use restraint. We should try to make maximum use of the facilities we have. The vacancy

rate throughout the country is extremely high and, if need be, for a temporary measure until things break, perhaps we could just use rental facilities and shelf any plans to build any new, big facility anywhere in the province.

That's the extent of my comments in regard to the brief, and I'm also prepared to answer any questions. I thank you for your attention.

MR. THOMPSON: On page 3 of your recommendations, if I'm reading the right page, number four:

Use of an independent actuarial study of Board operations
funded 50% by the Alberta Construction Association.

Is that one of your recommendations?

MR. PELLAND: That's one of the recommendations, yes.

MR. THOMPSON: And the other 50 per cent?

MR. PELLAND: The other 50 per cent would be at your discretion.

MR. THOMPSON: Whoever would like to jump in and help.

MR. PELLAND: We'd be quite happy to do it all.

MR. THOMPSON: No, but I was really quite interested. This is one of the recommendations that stands out as being somewhat unique. It shows a certain concern on your part as to how the Board is operating, and I'm glad to see that.

MR. PELLAND: I think Mr. Diachuk is well aware of the Alberta Construction Association. We've been parked on his door for the last five years — or at least on the WCB's. Maybe not that long.

MR. CHAIRMAN: Just a further question. I know Brian Hatfield from Edmonton is sitting behind you. Does the association have a name of an independent actuary to do the review?

MR. PELLAND: No. When you get into the logistics of it, those things can be worked out. I think we'd be limited, and perhaps the detail of the brief — I might be speaking a little prematurely here. But if it's not satisfied in the brief, we'd be quite happy to sit down and spend as much time as you wished on the details of how we would do it.

MR. CHAIRMAN: Len, the Act presently requires an actuarial review every five years. One of the earlier briefs certainly addressed this, that the review is required at the end of '83. It's commendable of the Alberta Construction Association to offer to pay half of it, because the Act requires that all industry participate in it by being commissioned the costs of the Board. So there will be a review carried out at the end of '83.

MR. PELLAND: Maybe it should be done more often; I don't know.

MR. CHAIRMAN: Brian is sitting behind you.

MR. PELLAND: We'd better do a little brushing up on that, I think.

MR. MARTIN: They'll take the money, I'm sure.

MR. CHAIRMAN: John, anything further?

MR. THOMPSON: No, that's fine.

MRS. FYFE: I wanted some background on the regulation you cited, Mrs. Mathisen, regarding horseplay. I don't have knowledge of exactly what that regulation is. Can you help me out, or can I ask a representative from the Board?

MRS. MATHISEN: It might be better from a representative of the Board. I brought it up because we had an instance last year, so I know WCB says, they must pay for horseplay. If your representative would like to elaborate on it, please do.

MR. RUNCK: Horseplay has been a difficult area over the years, and I'm not sure I'm truly convinced that we should be accepting certain types of horseplay. But then you have the situation where you have to determine who the initiator was and who the victim was. Was it hazing? Was it full participation, or whatever? If you have a situation with an initiator and a victim, then of course the victim should be covered; at least that's our view.

Aside from that, you get so many variables in the horseplay situation that it's pretty hard to give a clear-cut answer on that. It's something like a fight: the aggressor should not be entitled. In horseplay, the initiator should not be entitled; the victim should be entitled.

MRS. MATHISEN: They don't question the employer, though, or question as to who initiated. By horseplay, this was strictly walking to coffee and tripping each other in the snow. The fellow ended up wrecking his leg, was off for a considerable length of time, and in the end had to have an operation. We as an employer have an accident policy; we pay 60 per cent to cover him with benefits as good as WCB. He pays into this plan too, 40 per cent. He fully admitted it was horseplay, and we appealed it. But in the book was, quote unquote: they're on the job, so horseplay is covered. That's basically how they defined it: though they were on coffee break, whatever, they were at work. It's also pretty hard to tell a person you can't horseplay on coffee, especially when you're standing right behind him.

So that's what I'm saying. There are rules and regulations which I feel make it unfair for WCB or an employer to have to pay for something like that, especially when more and more employers today are covering other plans for their employees, specifically for this type of incident.

MR. CHAIRMAN: What would your view be if horseplay weren't covered in legislation? Then if the worker brought evidence that the employer sort of overlooked previous horseplay until somebody got hurt, would the employer be liable to be sued under the tort system?

MRS. MATHISEN: I think it's the employer's responsibility to instill safety in their employees. Part of the safety program is making them aware that there is a time for play and a time for work, and the jobsite is not a time for play. I realize it relieves tensions, especially in a campsite out in the middle of the bush. It does; it's very hard on a lot of them.

But I believe it is the employer's responsibility to instruct safety and remind them of safety and how little things can end up being an injury, because they don't think about it.

MR. CHAIRMAN: I would really be interested in just a little more — in fact, Mrs. Fyfe raised that question — if there were any way we could have an idea how great this problem is. It's the same thing as so often my office receives representation about alcohol-related accidents.

MRS. MATHISEN: That was our other one last year.

MR. CHAIRMAN: The statistics are there, that alcohol-related accidents are a very small percentage of accidents.

MRS. MATHISEN: Well, we had an alcohol-related instance. We just wished to transport the employee to site, because he was needed the next day. He insisted that he put his own suitcase on the truck when we picked him up at the motel. Then he jumped off and broke his ankle. That was good for four months on WCB. He was a day away from working but, again, that's still covered.

Other provinces are stricter. I was involved in another province where a fellow had a very hard time being paid for horseplay under WCB. That was B.C.

MR. CHAIRMAN: And that's where the employer will provide evidence that there was horseplay.

MRS. MATHISEN: That's right.

MR. CHAIRMAN: Okay.

MRS. FYFE: In this situation you appealed it, you said, and that was turned down. And you didn't feel there was sufficient investigation of the circumstances?

MRS. MATHISEN: Well, there was sufficient investigation. It was admitted it was horseplay by the employee; there was no problem there. It was strictly that as it sits right now within the rules and regulations of WCB and as it was explained to me, somewhere in the books the precedent has been set that you are at work. Whether horseplay is part of work or not, it is at present covered. That was the end of our appeal.

MRS. FYFE: Thank you.

MRS. MATHISEN: You're welcome.

MR. CHAIRMAN: It's there in the policy. Yes.

MRS. MATHISEN: It was explained that somebody somewhere down the line agreed to pay for horseplay, and that's the basis it's paid on.

MR. R. MOORE: On your submission you talk about the safety education end of it, that you feel the industry should do that. You recommend that health and safety should be out of that and that you can administer it more effectively for less money.

MRS. MATHISEN: I wouldn't say we could do that, but my own personal opinion — working as a contractor — is that it is a contractor's obligation to help with the safety program, keep it up, and make them aware of the importance of safety. We do it with our employees, maybe sometimes not as much as we should. Our employees also are covered under a profit-sharing plan, so there is an incentive there. They realize that if

the company incurs costs, then in the end it affects them. There are many different ways to the pocket, but I do believe an employer has a definite responsibility for safety training.

MR. PELLAND: Could I just add to . . .

MR. CHAIRMAN: Maybe if there's any question on that subject, we should finish off. Go ahead, Len.

MR. PELLAND: Yes, I definitely think that the association can get into the contracting industry and provide education better than WCB. We have in place now a large budget for education programs ranging from the metric system all the way through to safety on the job, loss of tools, organizing our superintendents at different levels, bonding, insurance. We have that. This would just increase our area of education. The only problem is — which someone from the committee may end up taking a look at and saying: what about the contractors or members that aren't members of the association? It would be our responsibility that anyone within the construction industry would have a right to go to these programs.

So I definitely think that we know our problems, we know how to solve them and, yes, we can educate them better than the WCB.

MR. CHAIRMAN: And you'd be prepared to undertake it?

MR. PELLAND: Yes, we would.

MR. CHAIRMAN: So you're looking at some similar approach to what they've got in Ontario, where there's a certain amount of money transferred from the Board to your association. Here in Grande Prairie you'd be prepared to provide the arm for the Alberta Construction Association to . . .

MR. PELLAND: That's right.

MR. CHAIRMAN: Then all members of that class would be benefiting by a transfer of funds from the WCB, because presently the Board cannot transfer any funds.

MR. PELLAND: That's right. Everyone would benefit in the industry, but we'd probably have a registration fee the same as any other program.

MR. CHAIRMAN: Well, no. I think the example — Brian, am I right? In Ontario there's no registration fee. Everybody is a member through their assessments.

MR. HATFIELD: That's correct.

MR. PELLAND: I guess the logistics would have to be worked out.

MR. CHAIRMAN: But it's providing the legislation arm to be able to do that.

MR. PELLAND: That's right.

MR. CHAIRMAN: Ray?

MR. MARTIN: There's a number of recommendations — just a couple that I'd like to

check with. Number 10: abolition of lifetime pensions. Maybe you'd like to enlarge on that. If a person needed a lifetime pension, what would you suggest that they do?

MR. PELLAND: Under the present circumstances, if a person gets hurt and if he works to the retirement age of 65, let's say, and from there goes onto regular pension . . .

MR. CHAIRMAN: Old age pension or Canada pension?

MR. PELLAND: Old age pension or what have you. The important thing is that while he's on a disability pension, funds are paid into the present pension programs, so that he would . . .

MR. MARTIN: You're talking about at 65 — is this what you're talking about?

MR. PELLAND: Yes.

MR. MARTIN: If they had a \$20,000 pension, you wouldn't want him to go down to the old age pension. You're saying, take off what they're getting? Just to clarify: is this what you're saying, or abolishing it at that point?

MR. PELLAND: My understanding of it is that you'd abolish the benefits from . . .

MR. CHAIRMAN: I see. At 65.

MR. PELLAND: At 65, yes. If they're getting \$20,000 a year benefits from WCB, that is relinquished at age 65, the regular retirement age. They then go onto the regular pension plans.

MR. MARTIN: Okay. I've got to understand that. I don't agree with it, but I understand it.

The other point that I want to go back to is number 1: restore business balance. You referred to that already. Would you enlarge on that a little more in terms of actual numbers, what you think should happen there?

MR. PELLAND: I'm not really prepared to say how many numbers it would take to . . .

MR. MARTIN: In terms of percentages, who should be on the Board?

MR. PELLAND: I would like to see 50 per cent less one be represented directly from the industry. The rest of it presumably would be government people or top administrators in the system now, and including the minister.

MR. MARTIN: You don't see a role for the workers as such on that Board?

MR. PELLAND: Well, the program is designed to benefit the workers, and I think that the mix and just the psychology of workmen's compensation is there. Our concern is that it goes too far; you're taking people from the cradle to the grave, and there's no responsibility. The way the programs are now has taken the incentive away from the employee to go back to work, plus we as employers really feel that we just have no say in the governing of that tremendous fund which is coming directly out of our pockets. We just want to make sure it's run as efficiently as we hope to run our own businesses.

MR. MARTIN: Just a follow-up on that. I understand what you're saying, but of course the other argument that workers would give is that they would want to be involved too, because they've given up certain things on Workers' Compensation. The right to sue an employer, which could cost the employer a lot more too, has already been referred to. So they would feel that they've lost something there too.

MR. PELLAND: I imagine they feel that they would but, like I said, the psychology of it would be a realistic one in that it won't suddenly swing to where the employee is being relegated to a second-class or third-class citizen because he isn't represented as strongly on the Board. We think the pendulum has swung too far the other way. It's just as bad, of course, if the pendulum swings the other way; I'm not saying that. But right now, we as employers all across the country are just not happy with the way it's going. Does that answer your question?

MR. MARTIN: Across the country or across the province?

MR. PELLAND: Across Alberta. What other country is there?

MR. NELSON: I'd just like to pursue one area, regarding the actuarial reviews that you brought up, Mr. Pelland. Of course, they're only done every five years. Do you feel that possibly this should be done — let's even use the word "annually" — and the information that is gathered be provided to the industry so they know where they are going and how this fund is actually being progressed and dealt with by the bureaucrats of government?

MR. PELLAND: Yes, I do. I think it should be done annually. It should be accountable annually.

MR. CHAIRMAN: I must correct my colleague. It's the bureaucrats of the Workers' Compensation Board, not government.

MR. NELSON: If you want to get into a debate about that, Mr. Chairman, I'd be happy to do so.

MR. CHAIRMAN: No, I didn't say I disagreed. I didn't take the word "bureaucrat" away, but it's of the Workers' Compensation Board, not government.

MR. NELSON: I won't debate that with you right now; I don't think this is the place, but I'd be happy to do so.

The other area that Mr. Martin brought up regarding a Board which is expressed in your brief here — you didn't give an indication as to how big a Board or what size of Board you might like to see.

MR. PELLAND: I don't think that I'm really in the position to say. My understanding is that the total budget of WCB is in the neighborhood of \$370 million, maybe a touch less. I visualize a fairly large Board. I don't know; whatever it takes to make it work properly to answer all the questions and look after the different departments. But it could be that half that Board less one — so that they don't have the majority or whatever — would be from the industry.

MR. NELSON: You'd have no problem with labor being represented there. That would be a given in any event, I would think.

MR. PELLAND: The other half of the Board would be represented by the people that are presently there in their positions in the different areas of WCB or MLAs. Or perhaps if there is a shortfall someplace, maybe it would be from labor. But I don't want to see the WCB being used as a negotiating tool for labor. It's not. It's to compensate for injuries on the job, and it's not a labor negotiating item; it's an insurance policy.

MR. NELSON: Paid for by the employers.

MR. PELLAND: Yes, and we hope in turn the consumer, but lately we can't catch up to it.

MR. NELSON: There's only one point I disagree with. I think labor should have some representation there to keep their eye on the function of the thing too. It's a two-way street but, at the same time, you're correct in your views.

MR. PELLAND: I suppose maybe if they wanted to take 25 per cent of the cost of it, they would have 25 per cent saved. They're getting 100 per cent of the benefit. Then again, I don't want to debate it with you either. It's just an area where I think that labor does presently have a large say in it, just by the nature of the beast.

MR. NELSON: I'm a paying employer also.

MR. THOMPSON: Does your association have much real communication with the Board on an annual or less basis? We get the feeling that maybe you just wait for us fellows to come around every four years. Do you really talk your problems over? If you do, what kind of response do you get from the Workers' Compensation Board itself?

MR. PELLAND: I can speak as being involved in the association through the provincial executive and also as serving chairman of the Alberta Construction Association. We've dialogued a tremendous amount with WCB and occupational health and safety and, to start with, we felt there wasn't good communication. I would say that in the last three years, we think tremendous strides have been made and a lot of policies that would have really hurt the industry have been stopped because of that dialogue. I don't think that's as much of a problem. It's improving, but it's not at the point that we'd like to see, of course. We just don't feel that we have enough of a hand in it.

MR. THOMPSON: Thank you.

MR. CHAIRMAN: I wanted to get back to you, Len, on your comments on the small contractors and the dilemma you're facing, and the service here in Grande Prairie. Are you able to get information for clearances at the regional office here?

MR. PELLAND: Yes. Bill, that's not the . . .

MR. CHAIRMAN: I know how cumbersome it is. Being a member of the provincial executive, you really feel strongly that that recommendation that was made there over a year ago for a card system where the independent operator or the small employer would prepay, wouldn't require their clearances. I know from experience that the government departments are the most sticky for clearances, if you do . . .

MR. PELLAND: That's correct; yes. You have to get your letter out right away or you don't get the release of the funds.

That's fine. That's our area, and as contractors we're willing. We have to be at that level if we're going to do that kind of work.

The area of concern is the small, independent operator, where he doesn't. He does his billing, he answers his phone — or his wife does — and he does everything from greasing his truck or working on his backhoe on up, but he doesn't have time and doesn't even know that most of these things are required. And because we've got stung, we now go back to small subcontractors that we hire and don't pay them until we get this. Immediately some of them get a little scared and either throw liens on the job or whatever, which just causes on and on problems, and that's all because of the fact that they aren't even aware that they have to have this. So the card system for the independent or smaller operator would be ideal, and it may . . .

MR. CHAIRMAN: Could you also indicate to the members of the committee here that if this were set in place, it would almost be required as non-cancellable?

MR. PELLAND: That's right. It would be . . .

MR. CHAIRMAN: I mean, the minimum would be, say, three months or six months, and the small employer couldn't cancel his account. We were trying to remove some of the administration costs. But as a small employer not too long ago, and you employ them, you'd be prepared to support the concept that the card would be prepaid. Then there would be no requirement of a clearance, or your concern that the account isn't paid up.

MR. PELLAND: There would be no concern on our part. If he could show us his card, it would . . .

MR. CHAIRMAN: But you'd still have to make sure that the expiry date is there and pay attention to it.

MR. PELLAND: That's right.

MR. CHAIRMAN: That's the principle.

MR. PELLAND: We can't totally relieve ourselves of the responsibility, but it would help. Not only that, it would also help your people in the field.

MR. CHAIRMAN: That's a part. We're spending good assessment dollars chasing bad debts.

MR. PELLAND: That's right. It would help you people in the field. You would just ask the guy if he's got his card, and if he doesn't have it . . .

MR. CHAIRMAN: No. I thought you meant the Workers' Compensation staff. They're spending a certain amount of effort.

MR. PELLAND: No. I was thinking more of your workers in the field. But the accounts receivable is another area.

MR. CHAIRMAN: I thought I'd just raise that, because you had indicated it.

Any other questions of these two people? If not, thank you very much. I know the Alberta Construction Association is going to benefit by your making the first submission on their behalf. I'm sure Brian will be taking back to the office in Edmonton saying how

well you did here.

MR. PELLAND: Thank you. We'll make note of the couple of items where it looks like we'll have to do a little homework, and we'll be a little we'll be a little better prepared. But then when we hit you in October, we'll be pretty good at it. Thank you very much.

MR. CHAIRMAN: Thank you.

Because Mr. John Bishop of Krause Enterprises could not make it, we have his written submission. Is there someone here on behalf of the firm? If not, we had scheduled Mr. Roy Bickell.

MR. BICKELL: That's right.

MR. CHAIRMAN: Roy, maybe just in fairness, is there anybody else here to come forward that we may have overlooked this morning when we welcomed a couple of independent small contractors? No? Okay, Roy.

Mr. Roy Bickell

MR. BICKELL: My appearing here a second time is as a private citizen, and it's very, very brief. Actually it follows up on the very last topic just discussed. I'm concerned that the WCB is hindering the development of the small business man free-enterpriser in Alberta a bit. Your restrictions in not allowing the small business owner/operator the opportunity to open an account for WCB coverage is frustrating to many and actually keeps some people from beginning a small business.

An example here in Grande Prairie is where a local firm has withdrawn its courier service, and an owner/operator has been unable to receive permission to start a business as an individual who owns a small truck. He must either, a) form a company, which is unnecessarily costly; b) hire staff, which he doesn't really need at all; or c) begin by working for a number of companies simultaneously on day one, which is a little difficult to arrange on day one.

So my concern is in three areas. Firstly, this country was built on ambitious people, the free-enterprisers and the owner-operators that began with one cat or one truck or something like that and went on and grew and supplied a service, and this should be allowed to continue. As you know, I am associated with Canfor and have been for many years. During that time, very many people have started their business in that way, providing a service to our company, for instance. They frequently grew into sizable businesses. Obviously this is good for the individual, as he prospers and grows, and good for Canfor, as Canfor receives their required services, and others as well.

My second concern — and this is from my business perspective with Canfor — is that there is a real need for the services provided by small business and owner-operators, both with regard to cost and the quality of service. So I would suggest that this should be allowed to continue.

My third and final concern is that the WCB, sort of by accident, is in approving or disapproving these businesses starting, because you can't start without WCB. So I don't think that they really should be deciding whether people can or can't go into business, nor should they be favoring large companies over small, individual owners that are trying to start out.

A lot of the solution to that is the card system that you've just finished discussing. If in fact there were a card system where you could prepay your account — and I would suggest on a quarterly basis without refund; I mean refund within the quarter. After the

quarter's over and you've paid more than you should have because of your assessment, there's a method of correcting that. I personally know of a lot of people that would benefit from that type of flexibility.

Thank you very much.

MR. CHAIRMAN: Roy, we have some questions, but have you also looked at some of the dangers that this select committee could address to that system? What are some of the problems that need to be looked at before we move with that system?

MR. BICKELL: Apparently there are some places where people have taken advantage of the former system, and they were saying — I'm trying to think of some of the extremes — that you're a contractor because you have a wiping rag for windows; that your equipment is a wiping rag. That's a really wild extreme, but apparently they had been trying to use those, or: I have a broom, so I'm going to contract sweeping.

MR. CHAIRMAN: A shovel and a wheelbarrow.

MR. BICKELL: Yes. I know you have to draw lines, but a lot of people in this country — and I know some of them personally — did start out with a half-ton truck and today are large corporations in the province of Alberta. I think maybe a little more flexibility is what I'm recommending.

MR. NELSON: We are talking about exactly the same subject I was talking about at noontime.

Mr. Bickell, regarding your first point — and I had a short discussion in the van going over to the hotel — how would you propose that we could assist those types of people that have difficulty getting a number to protect them as an employee of their own self by not being incorporated or having other people working for themselves? For example, do we have to expand an area of regulations to say that this person doesn't have to be incorporated to become covered under Workers' Compensation? You mentioned the card system. Do we give them a card? Do they prepay their Board fee before they're offered this card? Do you have any thoughts in this area?

MR. BICKELL: My suggestion was the card system and, more specifically, quarterly without cancellation. If you have a card, you're okay; if you don't have a card, you haven't done something. That's quite evident. Quarterly — it couldn't be every month or you'd drive everybody crazy with the frequency of it. Half-yearly may be a little expensive to pay up for a small guy trying to get started, and everybody else is able to pay on a quarter. That's why I selected the quarter.

MR. NELSON: There are people — for example, window washers — that gainfully employ themselves, going out and hustling business washing windows. They're the ones that carry the rag and the little squeegee and can't get covered under the present system. Do you feel that those are the kinds of people we should give our attention to, as well as the others?

MR. BICKELL: As I understand it, that person apparently isn't a problem today, because not too many window washers wash windows for one person. I stand to be corrected here, but as I understand it, if you work for a number of companies or a number of individuals, then that guy can waltz in there and receive coverage. The next guy in line that comes along with a half-ton truck and wants to go into business and doesn't happen to have a number of companies he's working for . . .

MR. CHAIRMAN: Stan, Roy is on to something. You can get two identical persons. If he's got a little vehicle and the mop or the squeegee and all that, and works for many contractors, he can get coverage; but if he . . .

MR. NELSON: But he's not working for those contractors; he's working for himself. He's a contractor.

MR. CHAIRMAN: No, no. But if he's on contract to many companies, he can get coverage. But if he came to the city of Grande Prairie and said, I'd like to do all the city of Grande Prairie work, he can't get coverage because he's deemed then to be an employee of the city of Grande Prairie.

MR. BICKELL: That's right. So there's an injustice right now, which this would partly correct.

MR. NELSON: There's lots of them out there.

MR. BICKELL: Oh, yes.

MR. CHAIRMAN: The reason this happened, as I think Roy appreciates, was because of the proliferation of accounts prior to '79. For example, all the equipment was given to a worker and then the principle was: now go get your own account.

MR. BICKELL: Yes.

MR. CHAIRMAN: Even to the point of cutting pulp. They were given a chain saw and a ride to the place and everything and told, now you're an independent operator. That was a proliferation that the Board was faced with.

But in answer to Stan's question, do you feel that as long as these people are prepared to pay a minimum of, say, a quarter of their annual coverage — which is \$9,900 at the present ceiling, whatever their rate is — in advance, then they should have a card?

MR. BICKELL: No. I was saying that there have to be some guidelines at the lower ends. I guess one of the other examples that I had quoted to me before: I have a hammer; my contract is to go pound nails. I think that's again playing with some rules and regulations. But I still think that someone that comes in and asks to go to work as a courier with a small truck — that's more than a hammer; that's quite a significant thing today. Trucks cost \$15,000 to \$20,000.

MR. CHAIRMAN: Good point.

MR. BICKELL: So I was making the line between those. The guy with the hammer is pretty questionable. Maybe he only has to have nails — I don't know.

MR. CHAIRMAN: Stan?

MR. NELSON: No, that's fine. I understand where he's coming from, and in fact I think we're on the same wavelength.

MR. CHAIRMAN: Any other questions of Roy?

MR. THOMPSON: If I may, Mr. Chairman, I'd like to go back to your other hat that you were wearing if you've got time for it.

MR. CHAIRMAN: Okay, let's do that. We have time. Canfor.

MR. THOMPSON: On your appendix 1, the proposed merit rating system. When I was on the Workers' Compensation select committee before, I recall that some of this was proposed at that time, the basis of working off a three-year period and that type of thing. I don't recall now who proposed it. But at that time, even in '76, there were people not particularly happy with the system that we had in place. This seems to be fairly straightforward, but possibly you'd give us a couple of minutes and just explain a little bit on the real advantage. I can understand the figures you have there, but I want to get the feeling for the real advantage, which I think is a good concept, and how you balance your superassessment versus your merit assessments, as you call them.

MR. BICKELL: I'd be glad to. First of all, even the present system does a three-year average. I think you may have thought that it didn't but, as I understand it, it does use a three-year average. So that's not unique in our proposal.

MR. CHAIRMAN: Yes, it does. Roy, for merit rebate; but for superassessment, it could be after the first year of operation.

MR. BICKELL: It could be. I have no experience of that.

MR. CHAIRMAN: Right, Al?

MR. RUNCK: It could be.

MR. BICKELL: Okay. We introduced this -- some of the background really is on page 4, but the key to this thing is in the appendix of our submission near the back of the book, right after page 31.

MR. CHAIRMAN: It's called appendix 1, page 1?

MR. BICKELL: Yes. The first page gives some background to the concept. In one way, some people we'd discussed this with wondered why we were coming up with it, because we would have to do a better job than we've been doing to get full rebate; not that we've been doing in safety, but our costs would only have to be less than 66 per cent of our gross assessment to get full rebate. As I showed you earlier today, they're much less than that.

But with this proposal, if they were only 66 per cent, we would not get near as much rebate. So this is a harder system to live with on the rebate side, but it's also much harder to live with and has a penalty in it on the poor performance side. No system has brought us something -- that's the province of Alberta -- that would ever be perfect, the pluses equal to the minuses. But we think this system would come very close to doing that.

Some of our initial concern is that it was a great for a large company but, again, it had to cover the province of Alberta and has to be able to deal with the small individual. He's got one employee. Maybe he's got none. Maybe he's an owner/operator. If he gets run over by a third party going to work, you can't have that man wiped out. He may be physically wiped out, but if he's unable to go back to work, you can't allow that one accident to wipe out his business. So we've put in things where

no one occurrence would be more than 25 per cent, so there's some upper limit to the penalty. There are accidents and there are accidents.

Our main thrust in this system, in practically everything we're proposing — and we're not disagreeing when people talk today about high cost, but we think the real solution to them is to get rid of the accidents and the injuries. If we could all work to that direction, then costs will look after themselves, other than the pure administration, and that surely would come down.

So this proposal rates people, and if you do a lousy job over a period of time — and that's not right away — somebody's got to come knocking. First of all, they knock on your wallet, your bank account. If you pay no attention, and your assessment gets as bad as 250 per cent — and we think that's pretty broad — then they come knocking again. This is where the OH & S people come in, and they do a real good job. Suddenly they've got some ammunition here. Not cruel stuff at all; they investigate, they see what's going on, and they try to work out a program where there's some kind of progress. Because if we have people that are as costly as 250 per cent on an ongoing basis after three years of average and it continues and continues, I just think that you need to do something about those situations.

On the other side of it, those who are able to turn out tremendous performance year after year get rebates. But it isn't going to be as easy to earn them as it is under the present system. Our policy or our suggestion is that the first 22 per cent, you have to pay. It costs money to run the WCB, and we're not going to shirk that. So until your costs get below 78 per cent, the first 22 is to pay for the overhead. The present system ignores it. If you can get your costs down to two thirds, without any admin, you start getting your money back. That's one of the reasons I think it becomes lopsided. There are a number of things like that in there.

So we tried to address big companies, small companies, and every possible occurrence. We set it up on a bit of a mini-program and ran through all kinds of examples: that it might self-destruct, blow up, or just not work. To us it looks good, and we'd sure like you to have a good look at it.

MR. THOMPSON: This figure of 22 per cent is pretty accurate, is it? Or is it just an example?

MR. BICKELL: Well it's as accurate as we can interpret the annual report. That's no reflection on the annual report. We've given the assumption on page 1 of the three-page appendix, where the total for administration, accident prevention, and provision for reserve is \$67 million. We have done a calculation, less some rental income and whatnot, for a net fixed expense of \$65 million, and saying that's 22 per cent of revenue. Maybe we're out a per cent or something.

MR. THOMPSON: I don't think you're very far out.

MR. BICKELL: But the concept is there.

MR. CHAIRMAN: That 22 per cent, from your information, doesn't include any contribution to any reserves, does it?

MR. BICKELL: No.

MR. CHAIRMAN: Okay.

MR. BICKELL: We tried to set it out here rather than pick it out of the air, so you could

Select Committee on
Workers' Compensation Act and
Occupational Health and Safety Act

August 30, 1983

91

follow our concept. We are not saying that everything should be that way; we're just suggesting a concept.

MR. CHAIRMAN: Thank you.

MR. BICKELL: Thank you.

MR. CHAIRMAN: Very well. We want to say thank you to everybody present and those that sat in — I know some of them are staff — and the others that stayed for a while with us. Thank you for participating and observing. Today's hearings are concluded here in Grande Prairie.

(The meeting adjourned at 4:22 p.m.)