

TO: Mayors/Wardens, Councillors, All Units

CC: Chief Administrative Officers/Clerk-Treasurers, All Units

FR: Lyle Goldberg, Manager, Member Relations

RE: 12 MONTH NOTICE LETTER—WCB COSTS

Please see attached 12-month notice letter from the Minister of Municipal Affairs, the Honourable Derek Mombourquette.



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NOVA SCOTIA

**Municipal Affairs
Office of the Minister**

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OCT 27 2017

Deputy Mayor Laurie Murley
President, Union of Nova Scotia Municipalities
Suite 1304, 1809 Barrington Street
Halifax, NS B3J 3K8

Dear Deputy Mayor Murley:

Re: Requirement to Notify the Union of Nova Scotia Municipalities - *Municipal Government Act* SNS 1998, c. 18, Section 519

Please accept this letter as the notice to the Union of Nova Scotia Municipalities required by subsection 519(1) of the *Municipal Government Act* SNS 1998, c. 18, of legislation that will have the effect of decreasing the revenue received by municipalities in Nova Scotia or increasing the required expenditures of municipalities in Nova Scotia.

The Government of the Province has passed An Act to Amend Chapter 10 of the Acts of 1994-95, the *Workers' Compensation Act* on October 24, 2017 (Bill No. 7). In accordance with clause 12 of Bill No. 7, the legislation will come into force one year after the date on which it receives Royal Assent.

Bill No. 7 creates a presumption respecting causation of post-traumatic stress disorder for front-line or emergency-response workers (FERWs), including firefighters (both paid and volunteer) and police officers who are diagnosed with this condition. It is anticipated that the total number of claims for post-traumatic stress disorder and the total number of such claims that are accepted for coverage may increase due to the introduction of the presumption and that assessment rates and associated claims costs could also rise. As a result, the expenditures of municipalities in Nova Scotia that participate in the workers' compensation system could increase.

Rate-setting is a decision made by the Workers' Compensation Board (WCB). If the WCB decides to apply rate changes only to employers of FERWs, the additional annual claims costs to municipalities as a group, resulting from the introduction of the PTSD presumption would produce the following estimates (subject to claims experience), modelled on the basis of recent years' experience:

- Police and paid firefighters: \$23,000-\$47,000 (shared across all municipalities that have opted for WCB coverage of these workers)
- Volunteer Firefighters: \$52,400-\$107,200 (shared across all municipalities that have opted for WCB coverage of these deemed workers)

Alternatively, it is possible that the WCB could decide to allocate the costs of the presumption to all assessed employers in the Province due to the nature of the work of FERWs in protecting the public safety and providing for the public good. If the WCB were to follow this approach, it is estimated that it would cost WCB rate payers an additional \$0.01 (one cent) per \$100 of payroll. This means that a rate payer with a \$1 million payroll would see an increase of \$100 per year.

It is also possible that the legislation will result in a potential savings for employers due to the impact of successful early treatment on return to work, sick leave, short term illness and productivity. Identification of actual net costs and benefits will not be possible until the presumption is in effect for some time.

I trust that this is sufficient to provide you with notice of the legislation and ask that you please bring this letter to the attention of the Board of Directors of the Union of Nova Scotia Municipalities at your earliest opportunity.

Sincerely,



Derek Mombourquette
Minister

cc. Honourable Labi Kousoulis, Minister of Labour and Advanced Education