CFIB Submission: The Workers Compensation Act Legislative Review 2025-26

Prepared By Tyler Slobogian, Senior Policy Analyst, CFIB
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To the Members of the Legislative Review Committee:

As you may know, the Canadian Federation of Independent Business (CFIB) is a non-partisan, non-governmental organization representing over 103,000 small and medium-sized businesses across Canada, including over 5,000 in Manitoba.

On behalf of our Manitoba small business members, we appreciate the opportunity to provide input to the Legislative Review Committee of The Workers Compensation Act. We believe this review is an opportunity to modernize the system while protecting its long-term sustainability and fairness.

CFIB firmly supports the core principles underpinning the WCB system, as they are designed to safeguard workers while ensuring employers have stability and protection. At the same time, the system must remain affordable, predictable, and transparent for the businesses that finance it.

Manitoba small businesses are facing ongoing economic uncertainty, rising input costs, labour shortages, and slowing consumer demand. Their ability to absorb additional costs is very limited. In addition, when the system is significantly overfunded, employers deserve clarity and assurance that surplus funds will be returned in a fair and timely manner.

1. Fairness and Sustainability

CFIB supports maintaining a no-fault, collective liability model.

That said, fairness must apply to both workers and employers. Employers directly fund the system through premiums. Any changes to benefits or eligibility must be carefully reviewed to ensure they do not create long-term cost pressures.

If benefits are expanded, the full financial impact should be publicly disclosed before changes are made. Small businesses need cost stability and predictability. Sudden premium increases can be extremely difficult for smaller firms to manage.

Ensure Fairness for Employers by Legislating a Mandatory Surplus Rebate

One of CFIB's most significant recommendations is to legislate a mandatory surplus rebate policy. According to CFIB's latest *Funding Fairness: State of Workers' Compensation Funding Report*, Manitoba's Workers Compensation Board (WCB) is funded at approximately 165%, well above its 130% upper funding threshold. While CFIB welcomes recent rebates, surplus returns remain discretionary.

Employers directly fund this system. When the WCB is significantly overfunded, businesses deserve certainty that excess funds will be returned in a fair and transparent manner.

CFIB supports a legislated framework similar to Ontario's approach and the proposal outlined in the Manitoba Oppositions Bill 228, The Workers Compensation Amendment Act (Distribution of Surplus Funds). A mandatory surplus rebate policy would:

- Provide predictability
- Strengthen employer confidence
- Prevent excessive accumulation of employer funds
- Deliver meaningful relief to small businesses

When surplus money is returned to employers, business owners reinvest into hiring, increased wages and benefits for employees, new equipment, safety improvements, or business growth.

We understand that strong reserves are necessary to protect injured workers. However, holding significantly more funds than required (over 130%), without a reliable mechanism for return, undermines trust in the system.

A legislated surplus rebate policy would improve transparency, strengthen fairness, and support Manitoba's small business community during a period of economic uncertainty.

Manitoba's workers compensation system is built on strong principles and generally functions well. This Act review presents an opportunity to strengthen transparency, protect sustainability, and modernize the system without increasing costs for small businesses.

CFIB urges the Committee to focus on:

- Legislating a mandatory surplus rebate policy
- Cost stability and predictability
- Clear adjudication standards
- Transparent financial reporting
- Fair allocation of administrative costs

Small businesses fund this system. They need confidence that it will remain fair, sustainable, and economically responsible.

Coverage Model

Mandatory coverage across most industries supports collective liability and broad risk sharing. CFIB does not recommend major structural changes to coverage at this time.

However, as work arrangements evolve - including remote work, contract work, and gig work - the system must clearly define who is covered and how premiums are assessed. Any expansion of coverage must not shift new costs onto existing small employers without careful review.

2. Individually Assessed Employers and Administrative Costs

The Act divides employers into two categories: Class E employers (most small and medium-sized businesses) and individually assessed employers, which include large public and federally regulated entities such as the City of Winnipeg and the Province of Manitoba.

Class E employers pay annual premiums that include both claim costs and their share of administrative expenses. Individually assessed employers pay their actual claim costs plus a portion of administrative costs based on a formula.

From CFIB's perspective, transparency is key. Small businesses have limited visibility into how administrative costs are allocated. Employers should clearly understand:

- How administrative costs are calculated
- How they are divided among employer classes
- What steps are being taken to control administrative growth

We recommend periodic public reporting on administrative cost allocation and regular independent reviews to ensure costs are distributed fairly.

Small businesses should not bear a disproportionate share of administrative expenses.

3. Emerging Issues and System Readiness

The nature of work is changing. The WCB must be prepared to respond to new trends while keeping the system financially stable.

Key emerging issues include:

- Growth in psychological injury claims
- Remote and hybrid work
- Gig and contract work
- An aging workforce
- Climate-related workplace risks
- Rapid technological change

The increase in psychological injury claims is particularly significant. While legitimate claims must be supported, the system must also maintain clear standards to ensure fairness and predictability.

CFIB recommends:

- Clear and consistent adjudication standards
- Early intervention and strong return-to-work supports
- Regular public reporting on claim trends and cost drivers
- Ongoing financial stress testing to ensure long-term stability

Preparing for emerging risks is important, but reforms must not create open-ended financial exposure for employers.

4. Psychological Injuries

CFIB recognizes that psychological injuries can be serious and deserving of support. Manitoba has taken steps in recent years to clarify coverage.

However, these claims can be complex and difficult to assess. It is essential that the system maintain clear diagnostic criteria and strong evidence requirements. The WCB should continue to rely on objective medical evidence and ensure that work is clearly linked to the injury.

The system should not become a forum for general workplace conflicts or performance management disputes. Clear thresholds protect both workers and employers and help maintain confidence in the system.

5. Occupational Disease and Causation

Manitoba uses a “dominant cause” standard for occupational disease claims. This means work must be the main cause of the disease, not simply one contributing factor.

CFIB believes this remains the appropriate standard. Occupational diseases often involve multiple potential causes. Lowering the threshold could significantly expand liability and increase costs.

The existing list of presumed occupational diseases provides a reasonable balance where there is strong scientific evidence linking certain conditions to specific types of work. Any expansion of presumptive coverage should be evidence-based and fully costed before being implemented.

Maintaining a clear and consistent causation standard supports fairness and long-term sustainability.

6. Wage Loss, Pensions and Death Benefits

Workers in Manitoba generally receive wage loss benefits equal to 90% of their net income, along with access to medical aid and impairment benefits. Long-term benefits are available for eligible workers.

CFIB believes the current structure provides strong financial protection for injured workers and their families. Before considering any increases to benefits, government should:

- Publicly disclose actuarial cost projections
- Clearly outline the impact on employer premiums
- Ensure changes are sustainable over the long term

Strong benefits are important. However, they must be balanced with affordability for the employers who fund the system.

7. Role of Healthcare Advisors

Healthcare advisors play an important role in ensuring consistent medical decision-making. Timely assessments are critical to supporting recovery and return to work.

CFIB recommends:

- Clear service standards and timelines for medical assessments
- Transparent processes for second opinions
- Continued emphasis on early and safe return-to-work planning

Reducing delays helps workers recover sooner and helps control costs for employers.

8. Injury Prevention and SAFE Work Manitoba

Prevention remains the most effective way to protect workers and control costs. The WCB fulfills its prevention mandate through SAFE Work Manitoba.

CFIB supports strong prevention efforts but encourages a practical, small-business-focused approach. Many small firms do not have dedicated HR or safety departments.

We recommend:

- Simple and practical compliance tools tailored to small businesses
- Clear measurement of prevention outcomes
- Regular consultation with small employers on safety programming

Prevention efforts should reduce injuries without increasing unnecessary administrative burdens on small businesses.

CFIB looks forward to continued engagement as this review progresses and remains committed to working constructively to ensure Manitoba’s workers compensation system works for both workers and the employers who support it.