



# Second Quarter Results

April to June 2012

# Being Accountable

WorkSafeNB is committed to ensuring the highest standards in governance and administration. As such, management is pleased to present to the Board of Directors, WorkSafeNB's quarterly results. This document provides a summary of WorkSafeNB's progress towards achieving its five strategic goals, targets, and strategies as established during the Board of Directors' annual strategic planning and risk assessment process. In addition, this document contains Risks that the Board continues to monitor, legislative and policy priorities, and Statements of Operations and Cash Flows. The current strategic plan and risk assessment is available at [www.worksafenb.ca](http://www.worksafenb.ca).

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## Vision

Healthy and Safe Workplaces in New Brunswick

## Mission

WorkSafeNB will promote a safe and healthy work environment to the workers and employers of New Brunswick and efficiently provide quality services, just adjudication, and fair administration of the legislation.

## Mandate

Promote the creation of a workplace safety culture in which all employees and employers view all occupational diseases and accidents as being preventable.

Promote an understanding, acceptance, and compliance with all legislation for which WorkSafeNB is responsible, including the enforcement of the *OHS Act* and regulations.

Provide timely compensation benefits, medical aid, rehabilitation, and safe return-to-work services to injured workers.

Provide sustainable insurance and insurance-related services to the employer community.

Represent stakeholders and provide recommendations and advice to government with respect to legislation and publish such reports, studies, and recommendations WorkSafeNB considers advisable.

## Values

We are dedicated to providing prompt, effective, efficient, and caring services to each of our clients.

We believe that a team approach ensures that all members of WorkSafeNB are working towards a shared Vision, Mission, Values, and Goals.

We provide competent and energetic leadership that is focused on a clear direction for WorkSafeNB.

We ensure that our decisions are made with integrity, credibility, and accountability.

We ensure that our communications are based on trust, mutual respect, openness, and clear and reliable information.

We manage our human, material, and financial resources effectively in responding to our mandate and established priorities.

# Strategic Goals

- Target Achieved
- Target Not Achieved

## Safety

Our vigorous pursuit of a safe work culture will lead to a decline in the overall frequency of workplace injuries, and a decline in the perception of the inevitability of workplace injuries in New Brunswick.

### Annual Targets

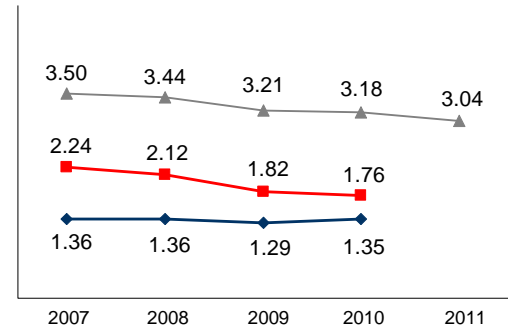
- The workplace injury frequency rate per 100 full-time employees (FTE) will be lower than the previous five-year average.
- The lost-time workplace injury frequency rate per 100 FTE in New Brunswick will be lower than the Canadian average.

The percentage of workers and employers who believe their workplace has a safe work culture will be higher than the previous five-year average.

Note: New target approved by the Board of Directors in 2012, index to be developed in 2013.

### Accident Frequency Rates

(Accidents/100 FTE)



- ▲ All Accidents per 100 FTE (2012 Target <3.28<sup>10</sup>) (2011 Target <3.37<sup>10</sup>)
- Canada Lost Time<sup>12</sup>
- ◆ NB Lost Time (Target <Canada)<sup>12</sup>

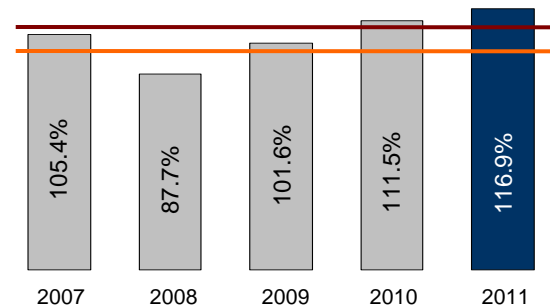
## Balance

We will provide the best possible benefits to injured workers while maintaining the lowest possible assessment rates for employers.

### Annual Target

- At a minimum, we will maintain a 100% funded liability.

### Funding History<sup>1</sup>



- Percent Funded
- Funding Target 110%
- Legislative Requirement 100%

# Strategic Goals

- Target Achieved
- Target Not Achieved

## Service

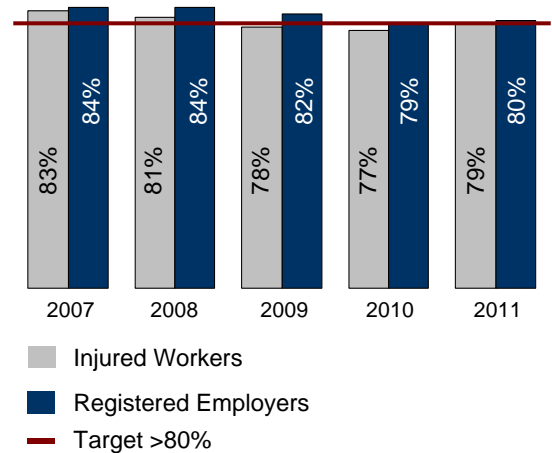
We will provide effective programs and services, implemented with care, compassion, efficiency, promptness, and fairness, to benefit both workers and employers.

### 2011 Target

- We will maintain or exceed the high level of satisfaction, in excess of 80%, that both our injured worker and employer clients have come to expect.

Note: The Board of Directors approved the development of a new target for 2013.

Client Satisfaction<sup>1</sup>



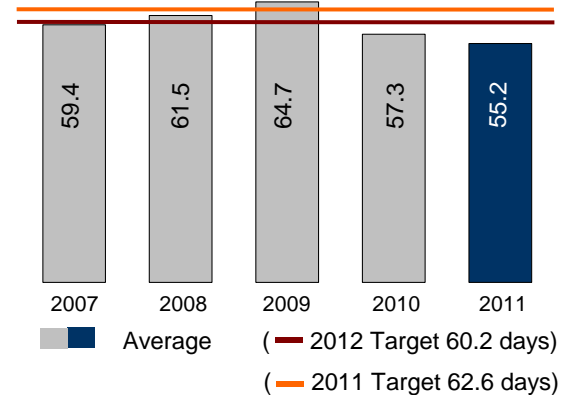
## Return to Work

We will decrease the time by which injured workers safely return or are ready to safely return to employment.

### Annual Target

- The average paid compensation days for claimants with a return to work goal will be lower than the previous five-year average.

Paid Compensation Days<sup>10</sup>



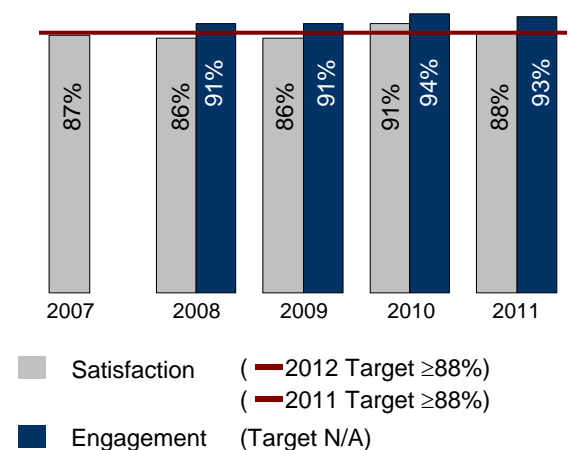
## Staff Satisfaction & Engagement

Our employees will feel their work is valuable and makes a difference, motivated by the understanding of how their role and individual contribution is critical to achieving our Vision, Mission, Mandate, Values, and Goals.

### Annual Targets

- Employee satisfaction and engagement levels will meet or exceed the previous five-year average.

Percent Satisfied & Engaged<sup>1</sup>

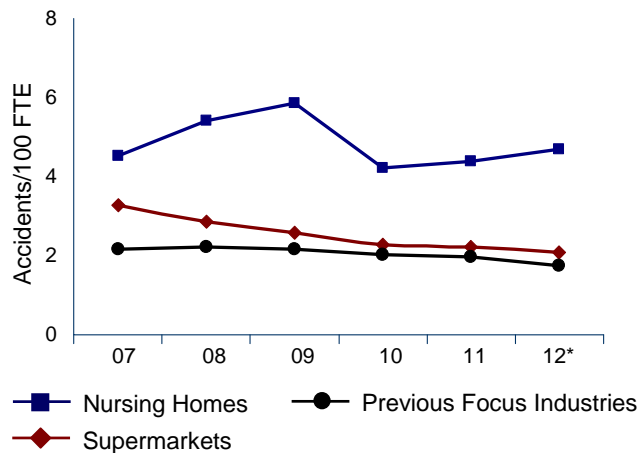


\* Target to be established once five years of data is available

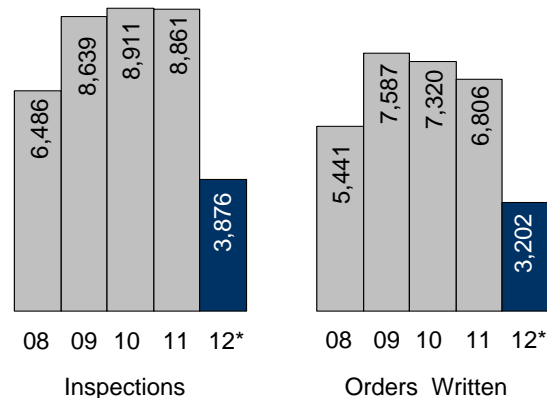
# Achieving Our Goals: 2nd Quarter Management Notes

## Safety

Focus Industries Lost Time Accident Rate<sup>2,10,11</sup>  
(Annual / YTD\*)



OHS Compliance<sup>2, 10</sup>  
(Annual / YTD\*)



### Annual Target Year-to-Date

- At the end of June 2012, the provincial accident frequency for all accidents is 3.05 accidents per 100 FTE, below the 2012 target of 3.28.

### High-risk Industries

- WorkSafeNB continues to focus on high-risk industries to develop a sustainable safety culture. Year-to-date:
  - Lost-time accident frequency per 100 FTE for current focus industries is below the previous five-year average for supermarkets at 2.07 (5yr = 2.64) and nursing homes at 4.70 (5yr = 4.88); and
  - Lost-time accident frequency of previous focus industries is 1.75 accidents per 100 FTE, lower than the previous five-year average (2.11).

### Firm Level Intervention

- WorkSafeNB provides focused attention to individual firms based on their accident record and the accident history of the industry group. This contributes to creating a sustainable health and safety infrastructure within these firms. As of June 2012, the aggregate accident frequency for focus firms is 5.31 accidents per 100 FTE, below the previous five-year average of 7.35.

### WorkSafe Culture

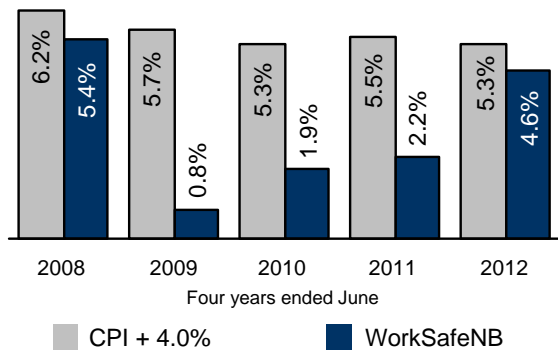
- Registration is open for the 32<sup>nd</sup> annual WorkSafeNB Health and Safety conference scheduled September 26 – 28, 2012. The conference educates and reports on health and safety issues and trends. It includes 32 workshops and two plenary sessions. For details go to [www.worksafenb.ca](http://www.worksafenb.ca).
- WorkSafeNB partnered with:
  - The New Brunswick Federation of Labour to organize and promote annual Day of Mourning ceremonies throughout the province to remember those workers injured, killed, or afflicted with an occupational disease while on the job.
  - Vitalité Health Network and Horizon Health Network to provide a conference on Leadership for Healthy and Safe Workplaces within Health Care. Conference sessions included:
    - MSI prevention;
    - Mock scenarios to highlight safe and unsafe work practices; and
    - Approaches to improve health and safety systems.
  - The New Brunswick Association of Nursing Homes to present Leadership in Health and Safety to nursing home administrators and chairpersons as part of their annual general meeting.

# Achieving Our Goals: 2nd Quarter Management Notes

## Balance

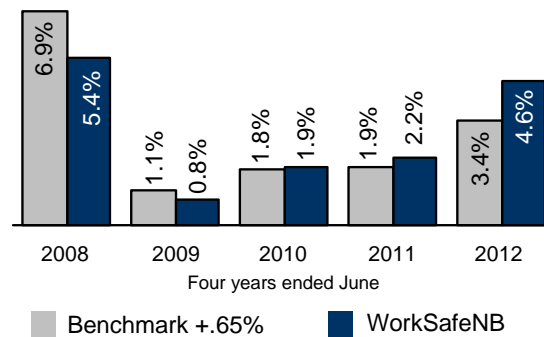
### Performance Objective 1<sup>4</sup>

The investment portfolio's rate of return is to exceed the increase in the CPI+4.0%<sup>13</sup>, on a four-year, moving-average basis



### Performance Objective 2<sup>4</sup>

The investment portfolio's rate of return is to exceed the return generated by the investment policy-defined benchmark portfolio by 0.65%<sup>13</sup> on a four-year, moving-average basis



### Disciplined Investment Management

- WorkSafeNB's investment portfolio lost 0.74% in the second quarter of 2012, and has gained 4.30% year-to-date to June 30, 2012. World equity markets declined during the second quarter as concerns continued about sovereign debt defaults in Europe and growth in China slowed. Canadian equities lost 5.7% for the quarter. U.S. stocks lost 0.8% in CAD terms. International (EAFE) stocks declined 5.3%. The Long Term Fiscal Strategy and the Investment policies document WorkSafeNB's strategy for maintaining a fully funded status and maintaining investment discipline in volatile market conditions.

### Disciplined Financial Management

- Assessment income for the second quarter of 2012 was \$2.3 million greater than budget, and \$10.8 million less than the previous year. The decrease from the previous year was primarily due to a decrease in the assessment rate from \$2.00 in 2011 to \$1.70 in 2012. Investment income for the second quarter was \$7.7 million higher than budget. The rate of return as of the end of the second quarter was 4.30% compared to a budgeted rate of return of 3.56%, and a 3.71% rate of return at the end of the second quarter of 2011.

Total expenses for the second quarter of 2012 were lower than budgeted by \$10.7 million and \$10.0 million less than the previous year. Claims costs were \$8.5 million less than budgeted, and \$10.6 million less than the previous year. The decrease in claims costs from the previous year is a result of declining accident frequency and claim duration trends. The effects of declining accident frequency continue to have a positive impact on claims costs at the end of the second quarter of 2012. Administration, Appeals Tribunal costs, and legislative obligations were lower than budgeted by \$2.1 million, and \$0.7 million higher than the previous year. The above results yielded a net surplus for the period of \$27.9 million compared to a budgeted net surplus of \$7.3 million. The funding ratio at the end of the second quarter of 2012 was 118.9%, compared to 112.8% at the end of the second quarter of 2011.

*Note: Statements of Operations and Cash Flows are available on page 13 & 14.*

# Achieving Our Goals: 2nd Quarter Management Notes

## Balance

### Disciplined Financial Management

- The financial statements reflect the impact of a recent NB Court of Appeal decision with respect to Canada Pension Plan Retirement benefits. The impact on claims costs for accidents that have occurred to date is estimated to be \$3.9 million. Of this, \$1.1 million relates to self-insured employers and has no net impact on the financial statements. The impact on claims costs for future payments has not yet been measured and is therefore not quantifiable.

### Oversight, Audit, and Evaluation

- Internal Audits completed or in progress as at June 30, 2012 include:
  - Home modification program;
  - Investment fiduciary review;
  - OHS workplace inspections;
  - Benefit payments;
  - General ledger balancing; and
  - Possible duplicate medical aid payments.

These audits examine the existence and reliability of internal controls, vulnerabilities with the information technology, and compliance with legislation and policies to ensure that risks are effectively controlled.

### Governance

- The Board of Directors completed its annual strategic planning and risk assessment process where it:
  - Approved a new safety target and the development of a new evaluation tool for the service target;
  - Identified and responded to 21 risks; and
  - Resourced 44 priorities.



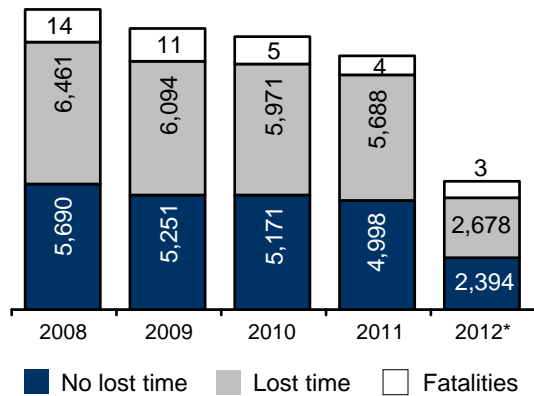
The full strategic plan and risk assessment can be seen at [www.worksafenb.ca](http://www.worksafenb.ca)

- The Board of Directors' disciplined decision-making framework is reflected in Policy No. 41-012 Governance – Balancing Decisions, which defines and communicates the Board's principles when making benefit decisions.
- Dr. James McNiven of Dalhousie University presented his labour force research, which projects significant labour shortages in the future. WorkSafeNB is exploring this issue to identify how these labour shortages might impact the organization.

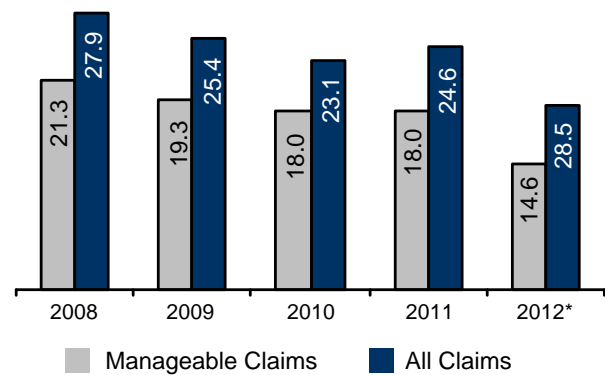
# Achieving Our Goals: 2nd Quarter Management Notes

## Service

Claims Accepted by Type<sup>2,6,7</sup>  
Annual / YTD\*



Days-to-First-Benefit Cheque<sup>2,5</sup>  
Days from Date of Disablement  
(Annual / YTD\*)



### Claims Volume

- When compared to the same time period in 2011 year-to-date claims volume is down; total claims accepted decreased 3.5%, no lost time claims decreased 1.6%, and lost time claims decreased 5.2%.

### Helping Clients Navigate the System

- The Appeals Tribunal received 378 requests for appeals, up 8.6% year-to-date when compared to the same time in 2011. The Tribunal also resolved 420 appeals, up 16% year to date when compared to the same time in 2011.

### Measuring and Evaluating Client Satisfaction

- Following treatment at the Workers' Rehabilitation Centre, year-to-date, 86.1% of clients indicated they were mostly or completely satisfied with the services received.

### Time to First Cheque

- Days to first cheque increased for manageable claims by 0.7 days (5.0%) year-to-date when compared to 2011 and for all claims by 0.3 days (1.1%) year-to-date when compared to 2011.

### Cost-effective Service Delivery

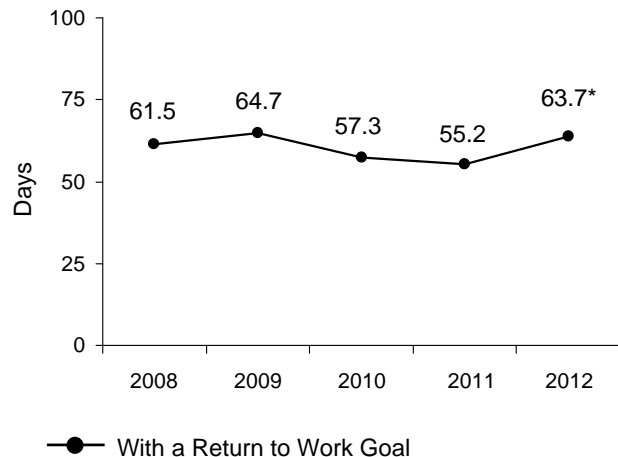
- 2,505 employers paid assessments through Monthly Assessments on Actual Payroll (MAAP) an increase of 3.2% from the same period in 2011. Following a transition in 2011, MAAP is now a completely internet based service.
- Over 23% of 11,963 annually assessed employers reported their assessable earnings electronically with the E100 online form. Use of the E100 form increased 15.7% from 2011 year's billing to 2,785 users.



# Achieving Our Goals: 2nd Quarter Management Notes

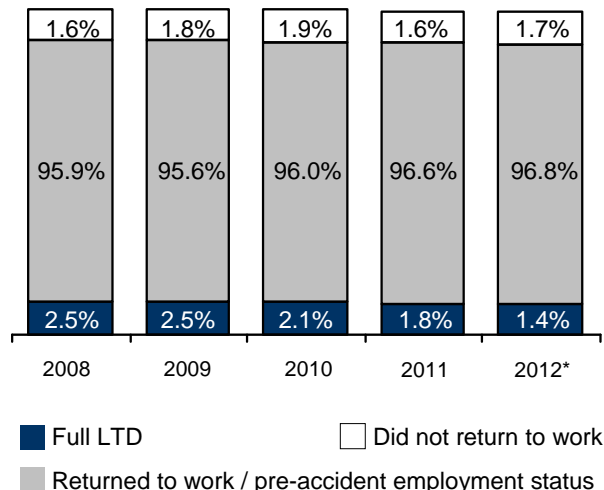
## Return to Work

Paid Compensation Days<sup>2,10</sup>  
(Annual / YTD\*)



Lost-time Claim Disposition<sup>2,10</sup>

RTW Goal & Full LTD (Annual / YTD\*)



### Annual Target Year-to-Date

- At the end of June 2012, the number of paid compensation days for injured workers with a return to work goal is 3.5 days above the 2012 target of 60.2 days.

### Medical Case Management

- WorkSafeNB implemented a one year pilot to manage low back injury claims. The pilot is a collaboration with orthopaedic surgeons, physiotherapists, and the case management team that will facilitate timely and appropriate rehabilitation and medical management by:
  - Using a selected network of physiotherapists and orthopaedic surgeons;
  - Obtaining a physiotherapy assessment and treatment from the selected physiotherapist network at transfer to case management; and
  - Ensuring earlier access to surgeons if required.

- WorkSafeNB developed a Traumatic Psychological Injury (TPI) Program. In effect since January 2012, the program includes:
  - Working with employers providing information on the program;
  - Staff training on case management standards such as defining timely communication with injured worker, employer, and psychologist;
  - A psychology consultant;
  - Psychology service providers;
  - Enhanced Occupational Therapist involvement; and
  - Availability of a multidisciplinary TPI team at the Workers' Rehabilitation Centre.

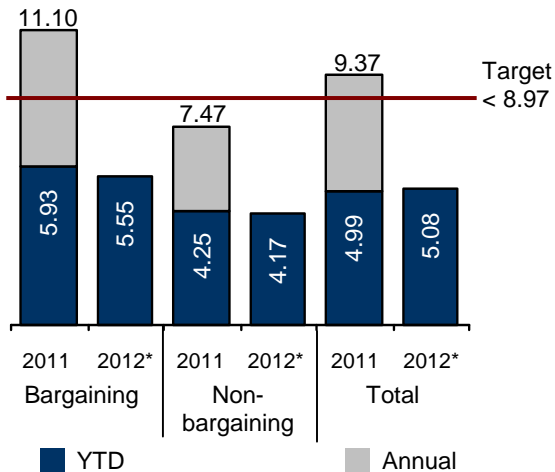
### Promoting Occupational Medicine

- WorkSafeNB, WCB of Nova Scotia, and WCB Prince Edward Island have formed the Maritime Occupational Medicine Continuing Medical Education Alliance. Through partnership with Dalhousie University, the Continuing Medical Education Alliance will fund online courses in occupational medicine. Scheduled for release in fall 2012, the first course is on the issues around doctors prescribing time off from work.

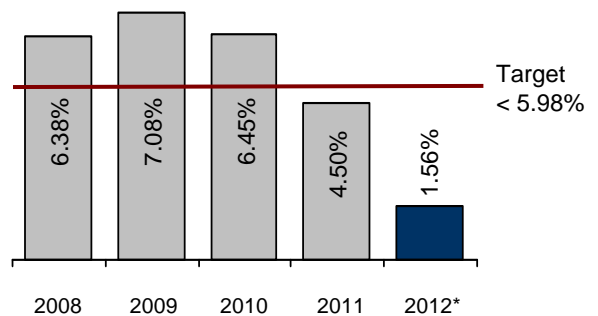
# Achieving Our Goals: 2nd Quarter Management Notes

## Staff Satisfaction and Engagement

Days Absent <sup>3,8</sup>  
Annual / YTD



Staff Turnover <sup>3,9</sup>  
Percentage of all Staff (Annual / YTD\*)



### Health, Safety, and Wellness

- One no lost time claim was accepted under the *Workers' Compensation Act*, for a total of two claims year-to-date.
- Scheduled activities in the health and safety plan completed in the second quarter include:
  - Implementation of lock down procedures as part of overall emergency procedures; and
  - Revision of building access schedules at the Workers' Rehabilitation Centre.
- The Fredericton/Grand Bay Wellness Committee received a *Wellness at Heart Award* from the New Brunswick Heart and Stroke Foundation. The award acknowledges offering employees programs focused on the pillars of health such as healthy eating and physical activity.

### Disability Management

- WorkSafeNB supported two employees with a gradual return to work program that allowed a return to full duties by the end of the second quarter.

### Succession and Development

- In the second quarter, 31 competitions were opened, 14 of which were for regular positions. There were four internal promotions.
- Professional development activities involved employees participating in presentations and workshops on:
  - Managing multiple priorities for managers; and
  - Safety Smart Program for student employees.

### Employee Satisfaction and Engagement

- On April 20<sup>th</sup> employees attended the annual Staff Meeting and Service and Retirement Awards Banquet. 82 employees were recognized for their long-term commitment to the organization (5 to 35 years), and we honored 10 retirees.

# Risk Assessment

As part of its annual strategic planning process, the Board identifies and assesses risks that could impact WorkSafeNB's ability to achieve its goals.

## Management's Cautionary Notes:

- WorkSafeNB continues to manage and analyze the impact of a recent NB Court of Appeal decision with respect to Canada Pension Plan Retirement benefits. The financial statements reflect the impact on claims costs for accidents that have occurred to date; estimated to be \$3.9 million. Of this, \$1.1 million relates to self-insured employers and has no net impact on the financial statements. The impact on claims costs for future payments has not yet been measured and is therefore not quantifiable.

	Level	Strategy
<b>Unique Mandate Risks</b>		
Balancing benefit-related decisions to ensure intergenerational equity and system sustainability	Cautionary	Reduce
Balancing benefit improvements and assessment rates	Cautionary	Reduce
Impact of Board's policy agenda not being achieved	Cautionary	Reduce
Board succession planning	Cautionary	Reduce
Variance between Appeals Tribunal decisions and Board policy	Unacceptable	Reduce
Varying expectations of WorkSafeNB's role in health and safety	Acceptable	Reduce
Gaps and delays in OHS legislation	Unacceptable	Reduce
Funding level	Unacceptable	Reduce
Defining WorkSafeNB's role in return to work	Cautionary	Reduce
<b>Operational Risks</b>		
Impact of catastrophic events on business continuity	Cautionary	Reduce
Employee retirement levels	Unacceptable	Reduce
Retaining WorkSafeNB employees in specialized fields	Cautionary	Reduce
<b>Risks To Reputation</b>		
Government decisions that are independent of WorkSafeNB advice	Unacceptable	Reduce
Impact of external agencies' recommendations upon WorkSafeNB	Cautionary	Reduce
<b>External Risks</b>		
Increased accidents associated with skills and labour shortages	Acceptable	Accept
Emerging high-risk industries	Cautionary	Reduce
Changes to legislation, regulation, and policy in other jurisdictions	Cautionary	Reduce
Protecting the integrity of the system	Acceptable	Reduce
General health status of New Brunswick workers	Cautionary	Accept
Availability and cost of health care	Cautionary	Accept
Impact of aging on safe workplaces	Acceptable	Accept

# Legislative and Policy Priorities

The WorkSafeNB Board of Directors identifies and allocates resources towards key legislation and policy priorities. This scorecard identifies when the priority is completed.

2011/2012 Priorities Approved in the First Quarter of 2012	Completed
21-400 Rehabilitation	January 26, 2012
29-501 Medical Aid Providers	January 26, 2012
21-402 Vehicle Modifications	January 26, 2012
49-200 Release of AT Transcripts & Recordings	January 26, 2012
49-310 Release of AT Decisions	January 26, 2012
29-555 Quality of Life Grant	February 16, 2012
34-200 Investment Goals & Objectives	March 12, 2012
2012/2013 Priorities Established April 2012	Completed
<b>Governance &amp; Administration</b>	
41-002 Governance Statement Annual Review	May 31, 2012
41-004 Governance – Policy Development and Evaluation	
41-007 Privacy and Information Security	
41- 012 Governance – Balancing Decisions	May 31, 2012
33-000 Human Resources	
34-205 Statement of Investment Philosophy & Beliefs	
37-100 Long-term Fiscal Strategy	
<b>Evaluation / Engagement</b>	
NEW – Resource the development of a new client satisfaction survey tool	
<b>Medical Aid &amp; Assistive Devices</b>	
21-403 Home Modification Projects	
25-003 Home Care & Independence	
25-007 Prostheses, Orthoses and Assistive Devices	
29-510 Prescription Eyeglasses	
29-550 Care Allowance	
29-551 Hearing Aids and Batteries	
25-010 Personal Non-compensable Intervening Conditions	
<b>Entitlement &amp; Benefits</b>	
21-211 Three-Day Waiting Period	
21-215 Supplements to Compensation	
21-208 Workers Under 21 (Learners Legislative Amendment)	
21-112 Conditions for Entitlement - Hearing Loss	

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## Employer Services

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21-300 Allocation of Claim Costs  
23-100 Employer Registration  
23-200 Assessable Earnings  
23-300 Employer Classification  
23-305 Administration of Out-of-Province Operations  
23-400 Auditing Employer Accounts  
23-500 Payment of Employer Assessments  
23-600 Setting Basic Assessment Rates  
23-605 Experience Rating System  
23-607 Claim Cost History Transfer/Affiliation  
23-703 Underestimated/Underreported Payroll Assessments  
23-704 Late Filing Penalty  
29-301 Assessment of Volunteers

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## Legislative

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*WHSCC Act* – Appeals Tribunal Decisions

Amendment to death benefits

May 31, 2012 – Board of  
Directors recommending  
changes to Government

Board to approve regulations

General provisions under the *OHS Act*

Construction industry technical committee

Occupational hygiene/ WHMIS

Forestry regulations

Liquefied natural gas (LNG) processing

NEW – Use of safety-engineered needles

NEW – Workplace violence

Permanent Physical Impairment

*Workers' Compensation Act* – Penalties, fines, accident reporting

# Statements of Operations and Cash Flows

The Statement of Operations details WorkSafeNB's income and expenses for the second quarter of 2012 compared to the budgeted amounts, and to the corresponding period for the previous year. The Statement of Cash Flows details the cash received and paid for the second quarter of 2012 compared to the corresponding period for the previous year.

## Unaudited Statement of Operations For the 6 Months Ending June 30, 2012

	Budget (YTD)	Actual (YTD)	Previous (YTD)
	(000's)	(000's)	(000's)
<b>Income</b>			
Assessments including self-insured	\$88,040	\$90,368	\$101,178
Investments	36,275	43,944	36,530
Province of NB	-	-	100
	<b>\$124,315</b>	<b>\$134,312</b>	<b>\$137,808</b>
<b>Expenses</b>			
Claims costs incurred	94,175	85,626	96,238
Administration	21,253	19,277	18,678
Appeals Tribunal	926	768	753
Legislative obligations	688	699	658
	<b>\$117,042</b>	<b>\$106,370</b>	<b>\$116,327</b>
Net surplus	<b>\$7,273</b>	<b>\$27,942</b>	<b>\$21,481</b>

# Statements of Operations and Cash Flows

## Unaudited Statement of Cash Flows For the 6 Months Ending June 30, 2012

	Actual YTD	Previous YTD
	(000's)	(000's)
<b>Cash flow from operating activities</b>		
Cash received from:		
Assessed employers	\$92,477	\$105,643
Self-insured employers	13,694	13,594
Interest and dividends	15,037	14,137
Province of New Brunswick	-	400
	<u>121,208</u>	<u>133,774</u>
Cash paid to:		
Injured workers or third parties on their behalf	67,973	66,000
Suppliers & employees, for administration and other services	22,536	22,092
	<u>90,509</u>	<u>88,092</u>
<b>Net cash provided by operating activities</b>	<b>30,699</b>	<b>45,682</b>
<b>Cash flow from investing activities</b>		
Cash received from:		
Sale of Investments	121,689	210,020
Cash paid for:		
Purchase of investments	134,049	232,153
Purchase of capital assets	491	549
	<u>134,540</u>	<u>232,702</u>
<b>Net cash (used in) investing activities</b>	<b>(12,851)</b>	<b>(22,682)</b>
<b>Increase in cash during the year:</b>	<b>17,848</b>	<b>23,000</b>
Cash and short-term investments, beginning of period	21,774	28,374
<b>Cash and short-term investments, end of period</b>	<b><u>\$39,622</u></b>	<b><u>\$51,374</u></b>

The Statement of Operations and Statement of Cash Flows have been prepared in accordance with the accounting policies and practices outlined in the notes to the financial statements contained in WorkSafeNB's 2011 Annual Report.

# Endnotes

1. Annual outcomes are reported using the data provided in the 2011 Annual Results Document.
  2. Source: WorkSafe Services, June 30, 2012.
  3. Source: Human Resources, June 30, 2012.
  4. Source: Corporate Services, June 30, 2012.
  5. Manageable claims excludes, for example, claims that were reported late, appealed, or where an employer filed a form of election.
  6. Excludes files opened that do not result in a claim.
  7. All fatalities occurred under the *WC Act* in 2012, based on year of accident.
  8. Days absent = the total days absent / (actual yearly budgeted - vacant positions).
  9. Staff turnover (expressed as a percentage) = (number of employees leaving organization / FTE) \*100.
  10. Numbers are adjusted quarterly as data matures.
  11. More precise trends can be determined at year-end, when data has matured and seasonal influences have diminished.
  12. Source: AWCBC Key Statistical Measures #21. Note: New Brunswick has a three-day waiting period; therefore, the number of lost-time claims may not reflect every lost-time injury as defined by AWCBC.
  13. Prior to March 31, 2012 Performance Objective 1 was CPI+3.8% and Performance Objective 2 was Benchmark+0.75%. Changes are a result of updates to Policy No. 34-200 Investment Goals and Objectives.
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## Contact

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