

Statements of Operations and Cash Flows

Unaudited Statement of Operations

For the Nine Months Ending September 30, 2009

	Budget (YTD) (000's)	Actual (YTD) (000's)	Previous (YTD) (000's)
Income			
Assessments including self-insured	\$148,335	\$142,285	\$140,720
Investments	45,392	\$107,624	(99,701)
Province of NB	675	675	370
	<u>\$194,402</u>	<u>\$250,584</u>	<u>\$41,389</u>
Expenses			
Claims costs incurred	150,777	148,025	142,341
Administration	27,948	25,607	24,348
Appeals Tribunal	1,310	1,059	1,001
Legislative obligations	899	1,091	854
	<u>\$180,934</u>	<u>\$175,782</u>	<u>\$168,544</u>
Excess of income over (expenses)	<u>\$13,468</u>	<u>\$74,802</u>	<u>(\$127,155)</u>

Unaudited Statement of Cash Flows

For the Nine Months Ending September 30, 2009

	Actual (YTD) (000's)	Previous (YTD) (000's)
Cash flow from operating activities		
Cash received from:		
Assessed employers	\$ 130,521	\$ 128,758
Self-insured employers	20,272	17,780
Interest and dividends	19,212	23,625
Province of New Brunswick	900	442
	<u>\$170,905</u>	<u>\$170,605</u>
Cash paid to:		
Injured workers or third parties on their behalf	\$ 97,729	\$ 95,520
Suppliers & employees, for administration and other services	29,662	28,119
	<u>\$127,391</u>	<u>\$123,639</u>
Net cash provided by operating activities	\$43,514	\$46,966
Cash received from:		
Sale of Investments	\$169,745	\$194,227
Cash paid for:		
Purchase of investments	\$ 189,032	\$ 219,662
Purchase of capital assets	916	1,402
	<u>\$189,948</u>	<u>\$221,064</u>
Net cash (used in) investing activities	(20,203)	(26,837)
Increase in cash during the year:	23,311	20,129
Cash and short-term investments, beginning of period	34,428	29,112
Cash and short-term investments, end of period	\$57,739	\$49,241

The above statements have been prepared in accordance with the accounting policies and practices outlined in the notes to the financial statements contained in *WorkSafeNB's 2008 Annual Report*.

Risk Assessment

The Board of Directors continues to monitor risks identified in the 2009-2014 Strategic Plan and Risk Assessment.

Level of Risk	2009-2014 Risk Strategy
<input type="checkbox"/> Acceptable	<input type="radio"/> Reduce
<input type="checkbox"/> Cautionary	<input type="radio"/> Accept
<input type="checkbox"/> Unacceptable	

Unique Mandate Risks

- Funding level volatility
- Gaps and delays in health and safety legislation
- Appeals Tribunal decisions that are inconsistent with Board policy
- Impact of deflation on benefits
- Level and comprehensiveness of benefits
- WorkSafeNB's role in return to work and meeting stakeholders' expectations
- Changes to international financial reporting standards
- Annuity set aside is subject to market volatility
- Decisions that threaten intergenerational equity and the sustainability of the workers' compensation system
- Varying expectations of WorkSafeNB's role in health and safety
- New and emerging occupational diseases

External Risks

- Availability and cost of health care

- General health status – longer recovery times caused by the poor general health status of New Brunswickers
- Increased accidents associated with skills and labour shortages
- Level of knowledge and resources to address emerging high-risk industries
- Changes to legislation, regulation, and policy in other jurisdictions
- Literacy and education level of injured workers
- Impact of language and cultural barriers on safety and return to work

Operational Risks

- WorkSafeNB employee retirement levels
- Impact of catastrophic events on business continuity
- WorkSafeNB employee retention in specialized fields

Risks to Reputation

- Government decisions independent of WorkSafeNB advice
- Fraud and abuse

Management's Cautionary Notes:

Funding levels have declined to 87.7% funded as of December 31, 2008, primarily due to declines in world equity markets affecting WorkSafeNB's investment portfolio. WorkSafeNB is required by legislation to return to 100% funded within five years.

Endnotes

- Source: Corporate Services, information as of December 31, 2008.
- Source: WorkSafe Services, annual data as of December 31, 2008.
- Source: Human Resources, December 31, 2008.
- Source: AWCBC Key Statistical Measures #21. Note that New Brunswick has a three-day waiting period, therefore, the number of lost time claims included in this figure may not reflect every lost-time injury.
- Source: WorkSafe Services, November 18, 2009.
- Source: WorkSafeNB, 2008 Client Satisfaction Survey.
- Source: Corporate Services, November 9, 2009.
- Days absent = the total days absent / (actual yearly budgeted - vacant positions).
- Staff turnover = active positions / (active positions + terminated positions) per year.
- Source: Human Resources, November 10, 2009.
- Excludes files opened that do not result in a claim.
- Prior years adjusted to most current data.
- Staff Engagement is a new measure for 2008.
- Annual Outcomes are reported using the data provided in the Annual Results Document and do not reflect changes as the data matures.
- Previous industries = industries that have been, but are no longer focus industries; Active > 1 year = Current focus industries that have been focus industries for more than one year (nursing homes, supermarkets); Active < 1 year = Current focus industries that have been focus industries for less than one year (restaurants).
- Manageable claims include, for example, claims that were reported late, appealed, or where an employer filed a form of election.

Contact information

Toll-Free Number
1-800-222-9775

Mailing Address:

1 Portland Street, P.O. Box 160
Saint John, NB E2L 3X9

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Let's Make Workplace Injuries a Thing of the Past

Being Accountable:

Third Quarter Results: July to September 2009

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 third quarter results. This scorecard provides a summary of WorkSafeNB's progress towards achieving its five strategic goals, measures, and targets as established during the Board of Directors' annual strategic planning and risk assessment process. This document includes a summary of:

- ➡ Annual outcomes related to the goals, measures, and targets;
- ➡ Year-to-date indicators that track the achievement of the goals;
- ➡ Management's notes to communicate how specific initiatives are helping to fulfill our strategic commitment;
- ➡ Statements of Operations and Cash Flows; and
- ➡ Risks that the Board continues to monitor with cautionary notes from management, when applicable.

Strategic Plan & Risk Assessment
2009-2014

Achieving Our Vision: Healthy and Safe Workplaces in New Brunswick

Goals Annual Outcomes: December 31, 2008¹⁴

Safety

Accident Frequency Rate	2004	2005	2006	2007	2008	Target 2009
All accidents per 100 Full-time Equivalents (FTE) ¹²	3.46	3.61	3.52	3.46	3.48	<3.51
Last-time accidents per 100 FTEs ⁴	NB	1.30	1.42	1.33	1.36	N/A
	Canada	2.61	2.56	2.39	2.26	N/A

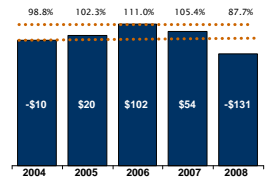
Inevitability of Workplace Accidents	General Workers	Injured Workers	Registered Employers	Non-registered Employers
Percentage of workers and employers agreeing workplace accidents and injuries are inevitable (2008)	55%	65%	57%	51%

In 2006, 69% of New Brunswickers and 61% of Canadians believed "workplace accidents and injuries are an inevitable part of life."

Balance

Funding History¹

Percent Funded and Dollar Amounts (in millions)

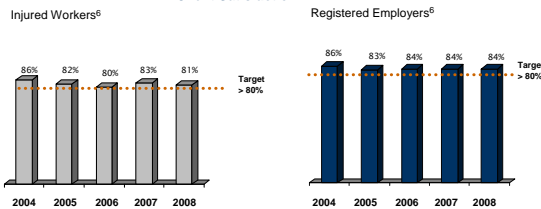


Assets and Liabilities (\$'000,000)¹

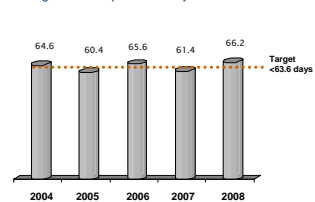
	Assets	Liabilities
2004	\$832.3	\$842.1
2005	\$920.2	\$899.9
2006	\$1,035.7	\$933.2
2007	\$1,065.5	\$1,011.0
2008	\$930.4	\$1,061.2

Service

Client Satisfaction



Claim Duration of Clients With a RTW Goal

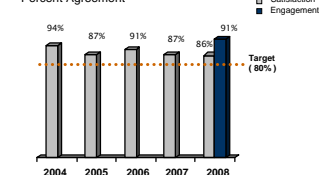


Median paid compensation days²

2004	23.0 days
2005	21.0 days
2006	22.1 days
2007	22.0 days
2008	22.0 days

Staff Satisfaction & Engagement

Staff Satisfaction & Engagement^{3,13}



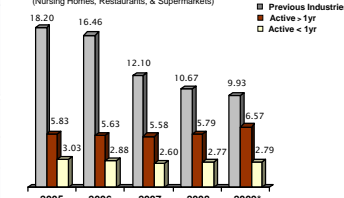
Health & Safety³

Annual Safety Index	
Safety Index Target >88%	
2006	89%
2007	85%
2008	86%

Year-to-date Indicators*: September 30, 2009

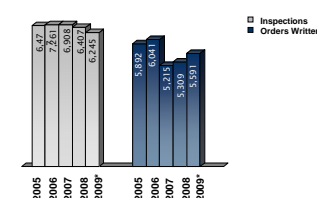
Focus Industries Accident Frequency

Per 100 FTEs^{5, 15} (Annual / YTD*)



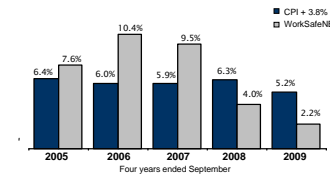
OHS Compliance

Annual / YTD⁵



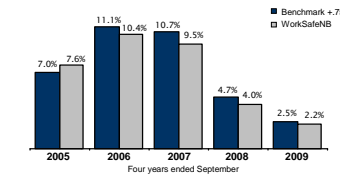
Performance Objective 1:

The investment portfolio's rate of return is to exceed the increase in the CPI +3.8%, on a four-year, moving-average basis⁷



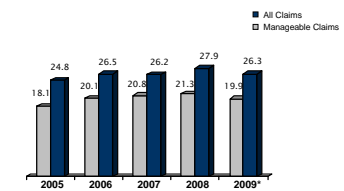
Performance Objective 2:

The investment portfolio's rate of return is to exceed the return generated by the investment policy-defined benchmark portfolio by 0.75% on a four-year, moving-average basis⁷



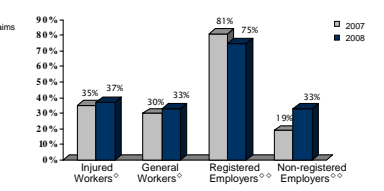
Days-to-First-Benefit Cheque^{5,16}

Days from Date of Disablement (Annual / YTD*)



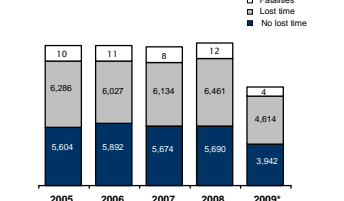
Information on WorkSafeNB Programs & Services⁴

Information received "from employers"⁶ and "from WorkSafeNB"¹⁰



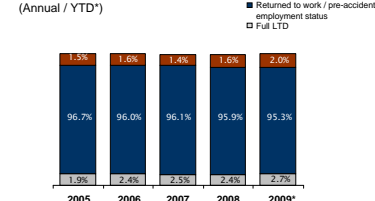
Claims Adjudicated by Type^{5,11}

Annual / YTD*



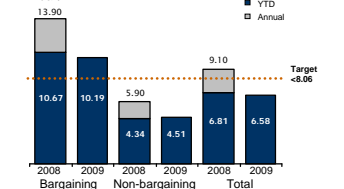
Lost-time Claim Disposition⁵

Claims with a RTW Goal & Full LTD (Annual / YTD*)



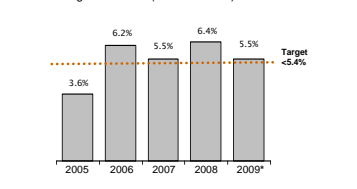
Days Absent^{8, 10}

Annual / YTD



Staff Turnover^{8,10}

Percentage of all Staff (Annual / YTD*)



Management's Notes

Safety

- The downward trend in accident frequencies continues, with the expectation that accident frequency in 2009 will be lower than in 2008 and below the five-year average.
- The number of inspections conducted and orders written in 2009 will be higher than in 2008.
- Three industries have been selected for additional attention and assistance (nursing homes, restaurants, and supermarkets). Improvements are expected in these industries over the long term.
- 100 focus firms receive in-depth assistance from WorkSafeNB, and have shown an overall improvement over the years of involvement (10% improvement in 2008 over the previous five-year average and estimated to improve again in 2009).
- Accident frequency of current focus firms (active more than one year) is 7.50 per 100 FTEs, below the five-year average of 9.63.
- Severe claims (fatalities, long-duration claims, and hospitalizations) show improvement in 2008 – 17% lower than in 2000 and 5% lower than the previous five-year average.
- There have been four fatalities year-to-date in 2009, compared to a total of 14 in 2008.
- Preliminary results related to the long-term strategy to reduce musculoskeletal injuries are positive (MSIs in 2008 were 7% lower than the previous three-year average).

Balance

- WorkSafeNB's investment portfolio is up 14.8% year-to-date to September 30, 2009, helping to improve the funded position.
- Year-to-date assessment income is 4.1% below budget and year-to-date claims costs are 1.8% below budget.
- The basic assessment rate for 2010 is \$2.08 per \$100 of payroll, up from \$2.03. The increase is designed to improve the funded position and to ensure cash is available to pay future benefits for injured workers.
- The Board approved the following policies in the third quarter:
 - Policy No. 23-610 SAFIS
 - Policy No. 23-715 Employer Legislative Requirements and Services
 - Policy No. 24-001 OHS Philosophy
 - Policy No. 41-010 Governance - Board of Directors
 - Principles for Governing the Appeals Tribunal
 - Policy No. 41-002 Governance Statement - WorkSafeNB Board of Directors

Service

- WorkSafeNB is currently measuring its service goal through the 2009 Client Satisfaction Survey. Results will be available early in 2010.
- WorkSafeNB continues to audit service providers to ensure standards of service are met.
- To improve service delivery, the external Web site now provides better access to policy indexes, highlighted key topics, and an online platform to register for health and safety conferences.
- Employers are increasingly reporting workplace accidents electronically:
 - 11.7% of accidents in the third quarter were reported electronically, an increase from 3.6% and 7.3% in the first and second quarters respectively; and
 - 107 employers have been registered to use the electronic reporting system, surpassing the goal of 60 employers set for 2009.

Return to Work

- Return-to-work trends year-to-date in 2009 appear similar to previous periods.
- The average duration of closed claims with a return-to-work goal has been stable for a number of years at 63 days lost. Year-to-date information suggests an increase in 2009, but this should improve when data is available for the year.
- Most injured workers (78%) and registered employers (89%) agree that WorkSafeNB programs and services allow injured workers to return to work.
- WorkSafeNB continues to improve case management practices through specific treatment protocols, early identification and management of potential long-term claims, and techniques to manage psychosocial issues that interfere with return to work.

Staff Satisfaction and Engagement

- WorkSafeNB completed the following H1N1 preparedness activities:
 - The pandemic plan was presented to all employees throughout the province;
 - A communications portal was established on the Safetynet to provide employees with the most current information related to H1N1; and
 - Prevention communications materials were distributed to all regions.
- In September 2009, five training sessions on workplace violence were provided in three regions. A total of 122 WorkSafeNB employees were trained to recognize and safely respond to incidents of workplace violence.
- WorkSafeNB employees reported 20 accidents in the first three quarters of 2009, compared to 22 for the same period in 2008. The cost of the eight reported accidents to date in 2009 for which claims have been finalized totals \$2,421. This compares to a cost of \$11,451 for the ten reported accidents for which claims had been finalized in the first three quarters of 2008, a 79% decrease in costs.