

Statements of Operations and Cash Flows

Unaudited Statement of Operations

For the Six Months Ending June 30, 2009

	Budget (YTD) (000's)	Actual (YTD) (000's)	Previous (YTD) (000's)
Income			
Assessments including self-insured	\$96,438	\$95,696	\$94,605
Investments	30,260	\$47,883	(37,083)
Province of NB	450	450	297
	\$127,148	\$144,029	\$57,819
Expenses			
Claims costs incurred	100,518	99,508	100,295
Administration	19,416	17,722	16,642
Appeals Tribunal	886	724	690
Legislative obligations	600	762	570
	\$121,150	\$118,716	\$118,197
Excess of income over (expenses)	\$5,998	\$25,313	(\$60,378)

Unaudited Statement of Cash Flows

For the Six Months Ending June 30, 2009

	Actual (YTD) (000's)	Previous (YTD) (000's)
Cash flow from operating activities		
Cash received from:		
Assessed employers	\$ 100,510	\$ 98,134
Self-insured employers	13,065	12,047
Interest and dividends	13,381	16,260
Province of New Brunswick	900	442
	\$127,856	\$126,883
Cash paid to:		
Injured workers or third parties on their behalf	\$ 65,565	\$ 63,719
Suppliers & employees, for administration and other services	20,315	19,026
	\$85,880	\$82,745
Net cash provided by operating activities	\$41,976	\$44,138
Cash received from:		
Sale of Investments	\$127,531	\$138,039
Cash paid for:		
Purchase of investments	\$ 141,423	\$ 153,988
Purchase of capital assets	599	797
	\$142,022	\$154,785
Net cash (used in) investing activities	(14,491)	(16,746)
Increase in cash during the year:	27,485	27,392
Cash and short-term investments, beginning of period	34,428	29,112
Cash and short-term investments, end of period	\$61,913	\$56,504

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:

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, August 15, 2009.
- Source: WorkSafeNB, 2008 Client Satisfaction Survey.
- Source: Corporate Services, June 30, 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, August 4, 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

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Let's Make Workplace Injuries a Thing of the Past

Being Accountable:

Second Quarter Results: April to June 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 second 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

Goals Annual Outcomes: December 31, 2008¹⁴

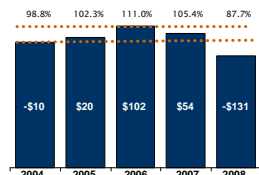
Safety

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	<2.80
	Canada	2.61	2.56	2.39	2.26	N/A	
Inevitability of Workplace Accidents			GW	IW	RE	NRE	
Percentage of workers and employers agreeing that workplace accidents and injuries are inevitable in 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

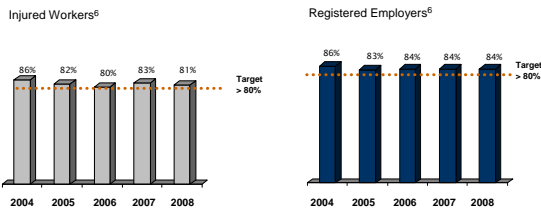
Funding History¹
Percent Funded and Dollar Amounts (in millions)



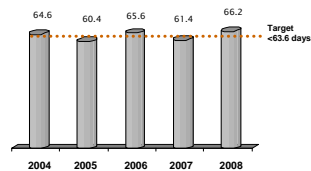
Assets and Liabilities (\$000,000) ¹	
Assets	Liabilities
2004	\$832.3
2005	\$920.2
2006	\$1,035.7
2007	\$1,065.5
2008	\$930.4
	\$1,061.2

Service

Client Satisfaction



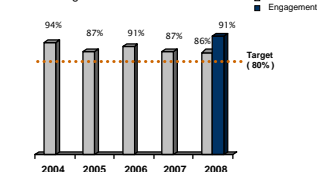
Claim Duration of Clients With a RTW Goal
Average Paid Compensation Days²



Median paid compensation days ²	
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}
Percent Agreement

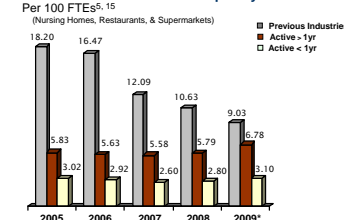


Health & Safety³
Annual Safety Index

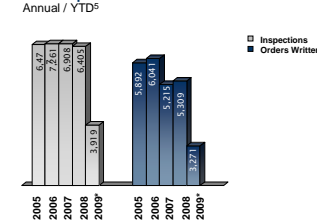
Safety Index	
Target >88%	
2006	89%
2007	85%
2008	86%

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

Focus Industries Accident Frequency

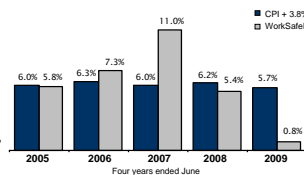


OHS Compliance



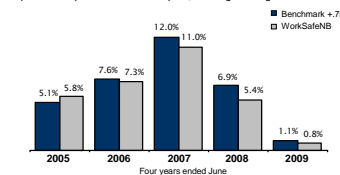
Performance Objective 1:

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

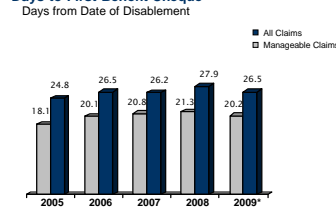


Performance Objective 2:

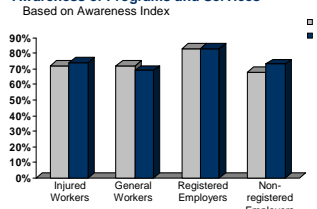
The investment portfolio's rate of return is to exceed the return generated by the investment policy-defined benchmark portfolio by 0.75% on a four-year, moving-average basis⁷



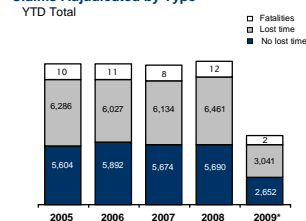
Days-to-First-Benefit Cheque^{5,16}



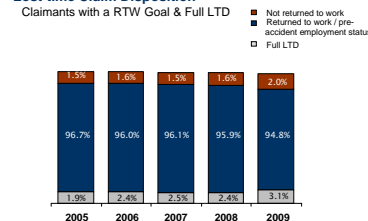
Awareness of Programs and Services⁶



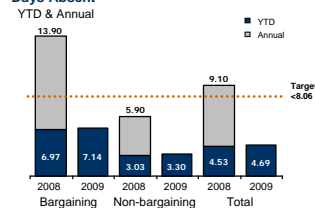
Claims Adjudicated by Type^{5,11}



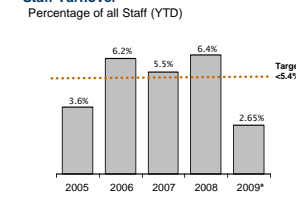
Lost-time Claim Disposition⁵



Days Absent^{8,10}



Staff Turnover^{8,10}



Management Notes On Other Activities:

The nearly 100 "focus firms" identified by WorkSafeNB show overall improvement in reducing accidents. Specifically, firms active for more than one year realized a 12% reduction in accident frequency in 2008 compared to the previous five-year average. Considering WorkSafeNB's experience with "focus industries," it is expected that accident frequencies of current focus industries will increase in the short term but will eventually decline.

Inspections and orders increased in the first half of 2009 by 47% and 45%, respectively, when compared to the same period in 2008, resulting mainly from reduced turnover of health and safety officers.

In the second quarter, WorkSafeNB initiated a number of legislative changes, enhanced youth programs in the community colleges, and completed development of an accident causation analysis and claim severity measure. The measure is indicating that severe accidents have decreased over the past five years.

In the second quarter, WorkSafeNB's investment portfolio had its best quarter since 1999, gaining 10.3%, slightly behind its benchmark return of 10.8%. Equity markets around the world experienced significant gains, with growing optimism that the worst of the global recession may be over. Policy makers' actions to revive global credit markets and restore confidence in the financial system appear to be working. Concerns about the financial stability of U.S. banks were eased by better-than-anticipated results of the U.S. Federal Reserve's stress tests. Policy No. 37-100 Long-term Fiscal Strategy and Policy No. 34-200 Investment Goals and Objectives, document WorkSafeNB's strategy for returning to fully funded status and maintaining investment discipline in volatile market conditions.

In the second quarter, the Board approved WorkSafeNB's 2009-2014 Strategic Plan and Risk Assessment. The plan communicates goals and targets, policy and legislative priorities, and strategies to guide decision making at WorkSafeNB. It also summarizes the strategic context and the risks facing WorkSafeNB. The full plan is available at worksafenb.ca.

Improvement in time-to-first-cheque in 2009 is mainly because of lower claim volumes, better staff levels, and reduced backlog. For manageable claims, actual time-to-first-cheque was 20.2 days in the first half of 2009.

WorkSafeNB's ability to shorten time-to-first-cheque can affect client satisfaction with service delivery. According to the 2008 Client Satisfaction Survey, 67% of injured workers expect to receive an income-replacement cheque within two weeks of filing their claims.

As part of its strategic plan and risk assessment process, the Board of Directors prioritized policy development for 2009/2010. This included the development of two new policies related to service delivery: one to communicate to employers their legislative obligations and the services available to meet those obligations, and one to communicate the principles that guide WorkSafeNB's service delivery.

Claims adjudicated by type showed a downward trend in the first half of 2009 when compared to 2008 as a whole. This trend is subject to changes to both accident frequency during the remainder of 2009 and to initiation of claims resulting from accidents occurring in prior years. With respect to lost-time claim disposition, results in the first half of 2009 are not significantly different than 2008.

WorkSafeNB continues to seek more timely return to work of injured workers through improved programs targeted at shoulder, carpal tunnel, and sciatica injuries; through cognitive motivational management; and through programs designed to reduce high-risk duration claims. WorkSafeNB continues to audit service providers to ensure standards of service are met. In addition, WorkSafeNB is reviewing standards for physiotherapy service delivery.

In the second quarter, 81 employees participated in a variety of training courses. Specifically, to further the Staff Satisfaction and Engagement goal, WorkSafeNB held a one-day voluntary training session to assist managers with staff engagement.

In terms of health and safety, there were 14 reported accidents at WorkSafeNB in the first half of 2009, compared to 13 for the same period in 2008. The cost of the five reported accidents in the first half of 2009 for which claims have been finalized totals \$1,132. This compares to a cost of \$8,981 for the four reported accidents for which claims had been finalized in the first half of 2008, an 87% decrease.