

ANNUAL PLAN

2020



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

worksafenb.ca
1 800 999-9775

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MOMENTUM, CHANGE AND PROGRESS TOWARD A MODERNIZED, SUSTAINABLE WORKERS' COMPENSATION SYSTEM

In 2020, WorkSafeNB will be an organization in a state of momentum – moving toward full funding and sustainability, operational effectiveness, continued progress in injury prevention, and improved return to work outcomes for New Brunswickers.

We believe our province's greatest asset is our people and the best position for those people is healthy, working, and on the job. Workplace safety and return to work are fundamentals if the New Brunswick envisioned by today's Government is to become a reality. This vision includes an energized private sector that will allow existing companies to grow and will attract new ones.

Guided by the pillars and strategies in our new *2019-2021 Strategic Plan*, WorkSafeNB will continue to focus on reducing the impact of workplace injury through our commitment to drive a safety-first culture and an enhanced emphasis to achieve effective recovery. To achieve these two critical goals, it is clear that we must work closer than ever with our stakeholders and actively seek new partnerships. We must also find innovative ways to perform our work.

Modernizing our processes and technology is a key focus area in the new strategic plan and we are excited to begin this transformative journey in 2020. Over the next three years, we'll be making significant and needed investments to transform processes, systems, and our service delivery model to meet changing



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business realities of the future. For example, the legacy claims management system was built over 25 years ago and, while it has served us well for many years, investing in a new system will mean a more efficient and modern WorkSafeNB. This business transformation is a long-term journey, but this year, we will begin preparing and maturing the organization to take the first step.

Over the past few years, many eyes were focused on WorkSafeNB. The Auditor General of New Brunswick released two audits. The first focused on governance while the second focused on WorkSafeNB's management of injured workers' claims. Furthermore, a Ministerial

Task Force released 28 recommendations designed to strike the right balance among compensation for injured workers, the employers' financial interest, improvements to occupational health and safety, governance, best practices, and the system's long-term sustainability. We welcomed all of these reviews and, in 2020, we're committed to continuing our efforts to implement the recommendations stemming from the reports and meeting semi-annually with the Department of Post-secondary Education, Training and Labour on our progress.

Operational and legislative changes should, among other things, lead to improvements in occupational health and

WorkSafeNB's Board of Directors is accountable for the preparation of the plan and for achieving the specific goals and objectives of the plan.

safety across the province and continue to stabilize the rapid increases in costs that have been passed on to New Brunswick employers in recent years. We realize the significant impact the rising premiums have had on the business community and the province's economy and we are committed to doing everything we can to lessen this financial burden. This includes legislative change, policy amendments and process improvements.

Our concerted effort to reduce costs will provide opportunities to explore benefit improvements for injured workers, such as increasing the maximum insurable earnings and percentage of wage reimbursement paid.

Overall, 2020 is a year of renewal for WorkSafeNB. Powered by our strategic plan, collaboration with our stakeholders, and results from external reviews, we'll work diligently to provide the benefits and services New Brunswick's workers and employers deserve as we continue our journey toward reducing workplace injury, achieving financial sustainability for our workers' compensation system, and building a workplace committed to superior service.

This Annual Plan sets out our goals and objectives for the coming year and performance measures specific to the stated goals.

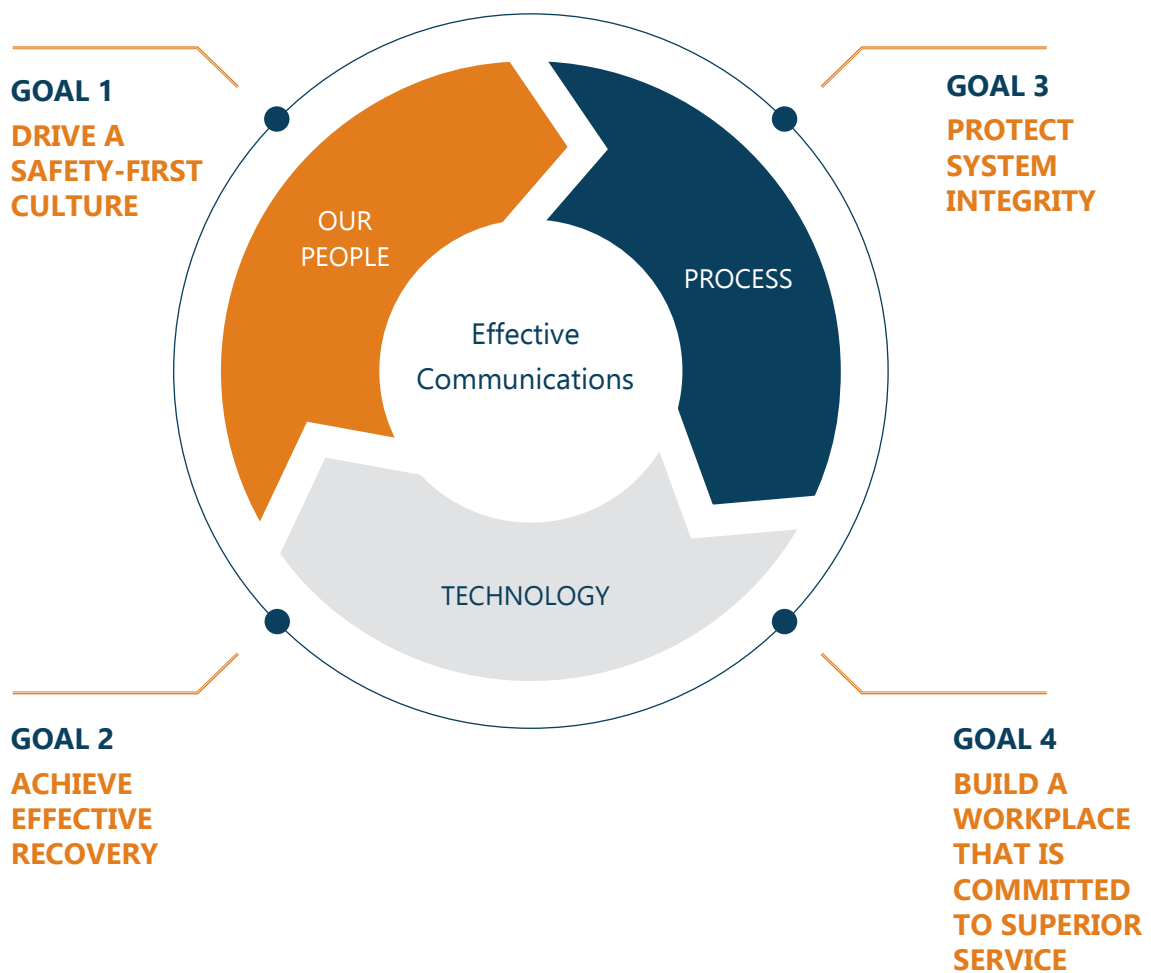


Mel Norton
Chairperson, WorkSafeNB

POWERED BY OUR STRATEGIC PLAN, COLLABORATION WITH OUR STAKEHOLDERS, AND RESULTS FROM EXTERNAL REVIEWS, WE WILL WORK TO PROVIDE THE SERVICES NEW BRUNSWICK'S WORKERS AND EMPLOYERS DESERVE.



OUR GOALS IN 2020







GOAL 1

DRIVE A SAFETY-FIRST CULTURE

WorkSafeNB's priority is preventing workplace injuries, occupational illnesses and deaths. For workers, families and communities, prevention means a continued quality of life, ongoing participation in work, leisure and educational activities, and a preservation of income and assets. For businesses, prevention benefits include increased productivity and competitiveness, retention of valued staff, reduced disruption to operations, and lower assessment rates.

OBJECTIVES

- ▶ Raise awareness of key health and safety issues
- ▶ Strengthen health and safety compliance through legislative change and enhanced enforcement and inspection tools
- ▶ Expand safety leadership initiatives and facilitate access to educational resources to improve New Brunswick's safety culture
- ▶ Address changing work environments and emerging safety risks

MEASURES

- ▶ Lost-time injury frequency (assessed, self-insured, all employers)
- ▶ Health and safety index
- ▶ Number of workplace fatalities

KEY INITIATIVES

- ▶ Implementation of Bill 26 following anticipated passage by the Legislature
- ▶ Fishing industry: Legislation and awareness
- ▶ Regulation changes to improve workers' safety in logging and silviculture, construction and occupational hygiene
- ▶ A focus on the public sector
- ▶ New compliance model to better identify high-risk workplaces for inspections



GOAL 1: KEY INITIATIVES

IMPLEMENTATION OF BILL 26 FOLLOWING ANTICIPATED PASSAGE BY THE LEGISLATURE

In late 2019, the Government of New Brunswick introduced legislative amendments to enhance workplace safety in New Brunswick. This included clarifying the obligations of employers and supervisors respecting the health and safety of workers. Throughout 2020, should the legislation receive Royal Assent, WorkSafeNB will work diligently to ensure all stakeholders are aware of the legislative change and understand how it impacts them and their workplaces. This includes a comprehensive education and awareness campaign, compliance plan, and advisory and consultation services.

FISHING INDUSTRY: LEGISLATION AND AWARENESS

In 2020, WorkSafeNB will be focused on influencing health and safety outcomes in the fishing sector – a critical, high-risk industry in our province. New Brunswick is the only province with a fishing industry that does not have the authority to enforce compliance with health and safety standards and best practices, such as requiring people to wear personal flotation devices (PFDs) at all times when on board. This is because New Brunswick's legislation does not include fishing vessels as a place of employment. In 2020, following several months of consultation with the industry, WorkSafeNB will recommend legislative changes to Government to improve safety on fishing vessels. Concurrently, we will work in partnership with the industry on an awareness campaign to remove the stigma around PFD use on commercial fishing vessels and start a conversation around the lifesaving benefit of PFD use.

REGULATION CHANGES TO IMPROVE WORKERS' SAFETY IN LOGGING AND SILVICULTURE, CONSTRUCTION AND OCCUPATIONAL HYGIENE

WorkSafeNB formed a stakeholder technical committee (TC) to review and recommend changes to regulatory provisions related to logging, silviculture, construction and occupational hygiene. The technical committee consisted of 12 members representing both employers and employees and included the Construction Association of New Brunswick, the New Brunswick Nurses Union, Canadian Manufacturers and Exporters, and Canadian Union of Public Employees. The committee has completed its analysis and has recommended a series of recommendations to improve workplace health and safety. WorkSafeNB will collaborate with the department of Post-secondary Education, Training and Labour (PETL) to advance the recommendations requiring regulatory amendments.

A FOCUS ON THE PUBLIC SECTOR

New Brunswick's public sector is experiencing a higher frequency of workplace injuries compared to the private sector and, when a workplace injury does occur, public sector workers are off work much longer than their counterparts in the private sector. To improve these outcomes, in 2020, WorkSafeNB will work collaboratively with the Treasury Board and Department deputy ministers to build a stronger health and safety culture within the provincial public sector.

WORKSAFENB WILL RECOMMEND LEGISLATIVE CHANGES TO GOVERNMENT TO IMPROVE SAFETY ON FISHING VESSELS.

NEW COMPLIANCE MODEL TO BETTER IDENTIFY HIGH-RISK WORKPLACES FOR INSPECTIONS

Workplace inspections are a critical tool that help prevent incidents, injuries and illnesses and build awareness of health and safety issues and trends among industries and employers. In 2020, following a critical examination of how WorkSafeNB plans, conducts, reports and monitors inspections, a new compliance model and prioritization framework will be implemented to improve our current processes to better identify the industries and workplaces where we should focus inspections.

HELP FOR SMALL BUSINESS

In 2020, helping small businesses understand their safety and return-to-work responsibilities will be a top priority. We understand the unique challenges of running a small business and we'll offer customizable resources and personalized support and services to help small businesses build an effective health and safety program.



GOAL 2

ACHIEVE EFFECTIVE RECOVERY

When injury occurs, through income replacement benefits, medical treatment and rehabilitation, WorkSafeNB supports injured workers in returning to work in a safe and timely manner. For workers, returning to work helps them stay active, renews a sense of purpose, is good for physical and mental health, and provides financial stability. Employers also benefit from return-to-work programs as they keep productivity loss to a minimum, keep a skilled and experienced worker, reduce the costs of recruiting new talent, and reduce claim costs that, in turn, can reduce assessment premiums. And, the workers' compensation system also benefits from a culture of return to work, or recovering while at work, following a workplace injury as a key cost driver of the system is claim duration.

OBJECTIVES

- ▶ Embed return to work as an important part of the recovery and rehabilitation process
- ▶ Strengthen our capability to address social and mental barriers that restrict early and safe return to work as part of recovery
- ▶ Improve our access to effective care and treatment tailored to the needs of injured workers

MEASURES

- ▶ Claim duration (average days for open claims and average days for closed claims)
- ▶ Percentage of workers returned within 26 weeks and percentage of workers returned within two years
- ▶ Days from workplace injury to claim registration
- ▶ Days from claim registration to first payment

KEY INITIATIVES

- ▶ Auditor General review
- ▶ Transforming the adjudication of WorkSafeNB claims
- ▶ Implementation of Bill 27 following anticipated passage by the Legislature
- ▶ Assessing options to improve benefits for injured workers
- ▶ Better service for complex claims
- ▶ Enhanced model for the management of workplace PTSD and psychological injuries



GOAL 2: KEY INITIATIVES

AUDITOR GENERAL REVIEW

In early 2019, we welcomed the results of the Auditor General's second phase of the WorkSafeNB audit, focused on the management of injured workers' claims. The audit report found that WorkSafeNB's claims management system framework is reasonable and that many of the policies are consistent with industry best practice. The report also found that WorkSafeNB has an opportunity to improve the medical treatment and return-to-work outcomes for injured workers.

The Auditor General made 28 recommendations for improvement in three key areas:

- o Reinforcing that return-to-work is a key part of the treatment plan for injured workers
- o Reducing delays in the time to treatment through procedural changes and additional training
- o Invest in a new claims management system to improve efficiencies and provide better management reporting

WorkSafeNB accepted all of the Auditor General's recommendations. In 2020, we'll implement the majority of the recommendations. As part of our commitment to remaining accountable and transparent to our stakeholders, we'll provide semi-annual updates to our stakeholders and the Department.

TRANSFORMING THE ADJUDICATION OF WORKSAFENB CLAIMS

Nobody should be hurt on the job but when it happens workers and employers expect efficient, convenient, and reliable service from WorkSafeNB. To meet our clients' service expectations and to ensure that claims are adjudicated and paid quickly, allowing all parties to focus on recovery and safely returning injured workers to the job, in 2020 we are committed to transforming the

adjudication of workers' compensation claims. This transformation is intended to simplify registration of a claim, improve the quality and speed of decisions, and provide support to return workers to the workplace as quickly as safely possible.

IMPLEMENTATION OF BILL 27 FOLLOWING ANTICIPATED PASSAGE BY THE LEGISLATURE

In late 2019, the Government of New Brunswick introduced legislation that would amend the duty to accommodate language in the *Workers' Compensation (WC) Act* to reinforce the employer's obligation to return injured workers to work, unless the accommodation causes the employer undue hardship. This anticipated legislative change is significant, as the benefits of work and keeping workers connected to the workplace are proven factors in the successful rehabilitation and recovery of an injured worker. In 2020, should the legislation receive Royal Assent, WorkSafeNB will partner closely with workers and employers to guide them through the accommodation process to facilitate return to work following a workplace injury. This will include an awareness campaign, the creation and dissemination of resources, compliance plan, and advisory and consultation services.

ASSESSING OPTIONS TO IMPROVE BENEFITS FOR INJURED WORKERS

In 2020, as we continue to lessen the financial burden on employers, we'll begin assessing options to improve benefits for injured workers. This includes continuing the reduction of the three-day waiting period and exploring improvements to the maximum insurable earnings and percentage of wage reimbursement from 85% to 90%.

BETTER SERVICE FOR COMPLEX CLAIMS

Sometimes, the toll workplace injury takes is more than physical. Some workers face psychological impacts of workplace injury as they recover, and this can affect the overall way a claim proceeds. We recognize a need to improve how we support these workers toward a positive outcome. In 2020, we'll explore best practices to more effectively manage claims where a psychological component is secondary to a physical compensable injury. Our goal is to improve outcomes in this area for both workers and employers, as the adjudication and management of these claims is a growing challenge and a significant barrier to return to work. Claim durations are longer when mental health issues are present secondary to compensable injuries and access to psychological services are limited or have significant wait times.

ENHANCED MODEL FOR THE MANAGEMENT OF WORKPLACE PTSD AND PSYCHOLOGICAL INJURIES

In 2020, WorkSafeNB will further focus on improving outcomes for clients with a traumatic psychological injury as a result of work, as the duration for psychological injuries is higher than physical claims and is a driver of overall duration. With early intervention and access to an interdisciplinary team of specialists to help, a healthier return to regular activities and work is more likely to be achieved.



GOAL 3

PROTECT SYSTEM INTEGRITY

As a Crown corporation, WorkSafeNB is accountable – both from a financial and a legislative perspective – to the stakeholders who are invested in the system. WorkSafeNB is committed to taking action to find efficiencies and improvements through a review of our policies, internal practices, and governance framework and working with Government to pursue legislative change required to fully address this problem.

OBJECTIVES

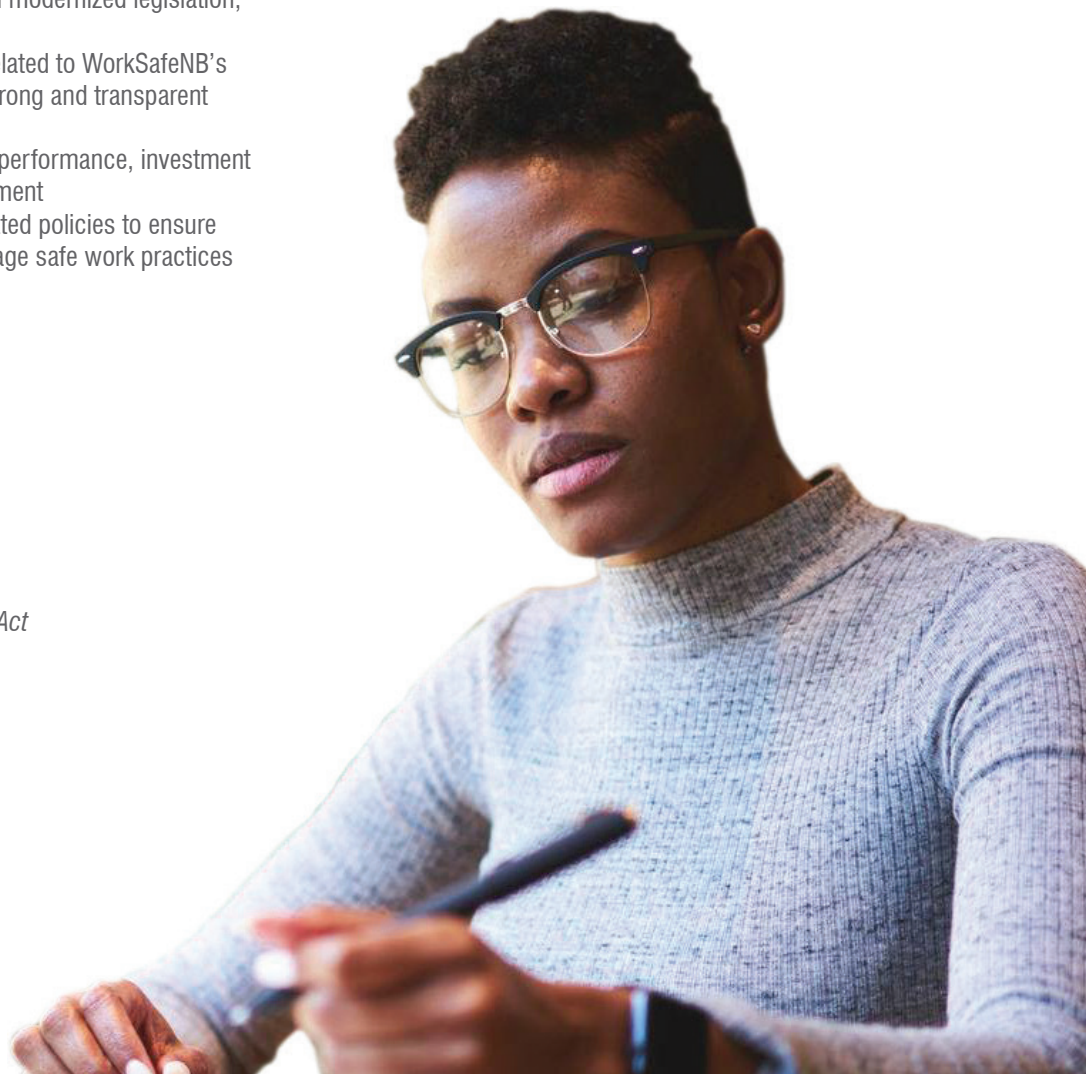
- ▶ Build on momentum to progress toward modernized legislation, regulations and related policies
- ▶ Continue to implement best practices related to WorkSafeNB's governance structure to demonstrate strong and transparent stewardship
- ▶ Ongoing review of investment portfolio performance, investment management options, and risk management
- ▶ Optimize the rate-setting model and related policies to ensure clear understanding and further encourage safe work practices across the province

MEASURES

- ▶ Funding position
- ▶ Return on investment
- ▶ Average assessment rate

KEY INITIATIVES

- ▶ Review of the *Workers' Compensation Act*
- ▶ Auditor General review, governance
- ▶ Review WorkSafeNB's rate model



GOAL 3: KEY INITIATIVES

REVIEW OF THE WORKERS' COMPENSATION ACT

New Brunswick's workers' compensation system is more than 100 years old. And, while the historic compromise of protecting employers from a lawsuit while providing compensation to injured workers remains intact, almost everything else about the workers' compensation system has evolved, including the nature and severity of injuries, the type of work conducted, and health and safety measures. It is important that our governing legislation continues to reflect these changes. In 2020, following a comprehensive review of the *WC Act*, WorkSafeNB will recommend changes to modernize the language in the legislation. We will also begin the review process for the *Occupational Health and Safety Act*, as outlined in legislation.

AUDITOR GENERAL REVIEW, GOVERNANCE

In the spring of 2018, New Brunswick's Auditor General released the results of an audit focused on WorkSafeNB's governance. We accepted all of the audit recommendations and, as a result, in 2018 began implementing these improvements to enhance our overall governance model and advance our commitment to maintaining a sustainable workers' compensation system. To that end, we have increased transparency by posting online the expense and compensation details for our leaders and members of our Board of Directors. We have also recently implemented tighter controls on staff travel, and in 2020, we'll tackle the rest of the recommendations, such as improvements, to our Board orientation framework, the functioning of committees and succession plans.



REVIEW WORKSAFENB'S RATE MODEL

In 2020, WorkSafeNB will begin reviewing our rate-setting model to understand if there are areas that could be enhanced. The rate model should be robust and sustainable, satisfying the needs, goals and expectations of employers, while being actuarially sound, and relatively simple and easy to understand, communicate and administer. Our goal is to see if improvements can be made to further promote the key principles of fairness (accountability, equity and incentives for prevention), collective liability (insurance,) predictability (rate stability) and transparency (ease of understanding).

WorkSafeNB will continue to make improvements to enhance our overall governance model and advance our commitment to maintaining a sustainable workers' compensation system.



GOAL 4

BUILD A WORKPLACE COMMITTED TO SUPERIOR SERVICE

In 2020, WorkSafeNB will focus on internal business transformation and modernization to ensure we're able to offer our services in the way our province needs. This transformation is grounded in a vision for an improved, more efficient and modernized WorkSafeNB. The changes will mean that we will operate more quickly and more efficiently – reducing the overall impact of workplace injury in our province and providing the service workers and employers deserve.

OBJECTIVES

- ▶ Create a culture of performance excellence by establishing efficient standardization processes and continuous improvement
- ▶ Modernize systems to improve our ability to effectively manage operations
- ▶ Connect more effectively with our clients and stakeholders by leveraging technologies that support their evolving needs
- ▶ Establish a functionally-based organizational structure that facilitates the development of high performance teams

MEASURES

- ▶ Client satisfaction index (injured workers, employers)
- ▶ Employee engagement score

KEY INITIATIVES

- ▶ Performance excellence
- ▶ Our people: structural re-organization, competency framework and learning strategy
- ▶ System renewal and modernizing our business
- ▶ Outside-in approach rather than inside-out



GOAL 4: KEY INITIATIVES

PERFORMANCE EXCELLENCE

In 2020, WorkSafeNB will continue to mature our performance excellence and continuous improvement framework, integrating the principles of a high-performing organization, as outlined in the Government's Strategy Map, into WorkSafeNB's internal management system. With the establishment of a Project Management Office at WorkSafeNB, we are committed to improving our outcomes, creating innovative solutions to our challenges, and fostering change as quickly and efficiently as possible. In 2020, we'll continue to train staff on the principles, methods and tools of formal management. These internal change leaders will guide us through multiple positive and lasting improvement and process changes to the organization resulting in efficiencies and cost-savings.

OUR PEOPLE: STRUCTURAL RE-ORGANIZATION, COMPETENCY FRAMEWORK AND LEARNING STRATEGY

WorkSafeNB's ongoing transformation requires not only the evolution of our business processes and technology systems, but also the ongoing transformation of our workforce. As our work evolves, so too must the knowledge and skills of our employees. As such, in 2020, we mature from an organizational structure focused on geography to a structure focused on functional alignment. This change will allow for greater end-to-end process oversight, greater efficiencies and better client service, and will also help us prepare for the new claims management system as we undergo business transformation.



In 2020, we mature from an organizational structure focused on geography to a structure focused on functional alignment.

SYSTEM RENEWAL AND MODERNIZING OUR BUSINESS

In 2020, our modernization journey will begin. Supporting our strategic goals and priorities requires a strong corporate infrastructure and sound organizational systems and processes. Our systems are nearing the end of their life cycle. With an ongoing focus on improved claims management and return-to-work outcomes, a modern claims management system is a timely investment. While this will be a long-term project, in 2020 WorkSafeNB will work collaboratively to define the business requirements of the future claims management system.

OUTSIDE-IN APPROACH RATHER THAN INSIDE-OUT

WorkSafeNB is committed to changing the culture of our organization from an inside-out perspective to an outside-in approach. This means that rather than focusing on what best serves, or is comfortable for, WorkSafeNB, we will transform our culture to focus on what is the easiest, most effective approach from the client's perspective. We will be listening and providing value to customers by helping them navigate the system with ease while aiming to provide a seamless customer experience.

KEY PERFORMANCE MEASURES

WorkSafeNB tracks performance using a balanced scorecard that contains a mix of financial and non-financial performance measures crucial to fulfilling our vision, mission and goals. These performance measures help us drive change, enhance our business operations and identify challenges and opportunities so we can better meet the needs of the people we serve.



DRIVE A SAFETY-FIRST CULTURE

MEASURE	2018	2019	2020*
LOST-TIME INJURY FREQUENCY:			
> Assessed	1.4	1.3	↓
> Self-insured	3.7	3.0	↓
> All employers	1.7	1.5	↓
HEALTH AND SAFETY INDEX	N/A	baseline year	-
WORKPLACE FATALITIES	28	14	↓



ACHIEVE EFFECTIVE RECOVERY

MEASURE	2018	2019	2020*
CLAIM DURATION:			
> Average days for open claims	98	114	↓
> Average days for closed claims	247	269	↓
% OF WORKERS RETURNED TO WORK WITHIN:			
> 26 weeks	73%	79%	↑
> 2 years	94%	96%	↑
WORKPLACE INJURY TO CLAIM REGISTRATION (days)	13.2	12.8	↓
CLAIM REGISTRATION TO FIRST PAYMENT (days)	28	39	↓

* Projected in 2020, Variance based on 2020 vs 2019.



PROTECT SYSTEM INTEGRITY

MEASURE	2018	2019	2020*
FUNDING POSITION	85%	105%	↑
RETURN ON INVESTMENT	(1.3%)	14.1%	↑
AVERAGE ASSESSMENT RATE**	\$1.70	\$2.65	\$2.40 ↓



BUILD A WORKPLACE COMMITTED TO SUPERIOR SERVICE

MEASURE	2018	2019	2020*
CLIENT SATISFACTION INDEX:			
> Injured workers	72%	N/A	↑
> Employers	74%	N/A	↑
EMPLOYEE ENGAGEMENT SCORE	49%	44%	↑

* Projected in 2020, Variance based on 2020 vs 2019.
 ** Per \$100 of payroll

WORKSAFENB IS COMMITTED TO FINDING EFFICIENCIES AND IMPROVEMENTS THROUGH A REVIEW OF OUR POLICIES, INTERNAL PRACTICES, AND GOVERNANCE FRAMEWORK AND WORKING WITH GOVERNMENT TO PURSUE REQUIRED LEGISLATIVE CHANGE.



CONSOLODATED FINANCIAL STATEMENTS

Please note that the information presented only provides an overview and is not complete without the accompanying notes that can be found in the 2019 financial report document.

CONSOLIDATED BALANCE SHEET

AS AT JANUARY 1, 2020

(000s)

ASSETS

Cash and cash equivalents (Note 5)	\$ 78,234
Receivables and other (Note 6)	19,086
Investments (Notes 7 and 8)	1,521,714
Capital assets (Note 9)	10,667
	\$ 1,629,701

LIABILITIES AND FUNDED POSITION

Payables and accruals (Note 10)	\$ 19,432
Benefits liabilities (Notes 3, 4 and 11)	1,505,140
Total liabilities	1,524,572
WorkSafeNB funded position	77,657
Non-controlling interests (Note 2)	27,472
	105,129

\$ 1,629,701

On behalf of the board of directors:

James E. A. Stanley

Audit Committee,
Board of Directors

Tina Soucy

Audit Committee,
Board of Directors

Mel Norton

Chairperson,
Board of Directors

