



Accountability Report

Second Quarter 2015

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*If you have any
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We'd love to hear
from you!*



Contact

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PRESIDENT'S MESSAGE

There's Safety in Numbers

New Brunswickers take pride in what they do. Work is where we showcase our skills, contribute to society and most importantly, it's how we support our families.

At WorkSafeNB, health and safety is what we do – and we take pride in that. We have always believed that education is the key to growing a safe work culture. In 2014, more than 4,000 people attended our workshops across the province – an increase of close to 35% over 2013. Through our partnership with the New Brunswick Construction Safety Association and the Department of Education and Early Childhood Development, we reached 6,273 youth with online WHMIS and safety orientation courses – an increase of more than 25% over 2013.

An informed workforce is a safer workforce. That's why we teamed up with the Canadian Centre for Occupational Health and Safety to launch the online *Guide to OHS Legislation* in June. This one-stop portal is specially designed for your phone or tablet, and puts some of the most common safety topics in plain language and at your fingertips. In this quarter, we'll talk to the team who helped make the tool a reality.

We'll also take a look at the state of our financial house. If you have fiscal stability, you can focus on the important things – such as improving workplace health and safety, and worker benefits. Without it, it's hard to think about anything else.



Gerard M. Adams, President & CEO

Fortunately, we are financially stable, thanks in large part to our disciplined investment strategy and the board's long-term approach to managing investment risk and return. This year, we will undertake an asset liability study to help the board determine an appropriate asset mix given their risk tolerance, our obligations to injured workers and WorkSafeNB's financial position. In this report, we'll talk to our treasurer about this discipline and the importance of the asset liability study.

On behalf of WorkSafeNB, have a safe day at work. If you have any questions, please contact us. We are happy to help.

A handwritten signature in black ink that reads "Gerard M. Adams". The signature is fluid and cursive, written over a white background.

Gerard M. Adams
WorkSafeNB President & CEO



SAFETY GOAL

Our vigorous pursuit of a safe work culture will lead to a decline in workplace injuries

Health and safety at New Brunswick work sites – there’s an online tool for that!

In the evolving world of occupational health and safety, online tools are becoming a familiar sight in the health and safety toolbox. Workers and employers who once referred to printed documents to ensure their operations were in compliance with OHS laws are increasingly turning to mobile technology.

That’s why WorkSafeNB and the Canadian Centre for Occupational Health and Safety (CCOHS) teamed up to launch the [Guide to OHS Legislation](#) in the spring. Specially rendered for smartphones and tablets, the tool puts interpretations, legislation, and other resources for more than 30 safety topics at users’ fingertips.

“We all know technology is evolving faster than ever before,” said Shelly Dauphinee, vice-president of the WorkSafe Services division. “And WorkSafeNB understands that workplace health and safety needs to keep pace with this change. That’s why, after months of research and consultation, we launched this tool to make it easier for people to work safely, and to do so within the parameters of the law.”

Angela Francoeur, a health and safety officer with WorkSafeNB’s compliance and regulatory review department, said that user reaction to the web tool so far is exactly what she had hoped for.



SAFETY GOAL

Over the years, WorkSafeNB has heard from various stakeholders who wanted more user-friendly resources for OHS topics.

“Times have changed. Nowadays people expect to have their questions answered quickly and reliably. That’s the value this tool brings to the table.”

To understand Francoeur’s point, you only need to look at a printed copy of *General Regulation 91-191*, which forms the bulk of the health and safety requirements under New Brunswick’s *Occupational Health and Safety Act*. A 246-page document, with 377 sections, it covers a wide variety of material from noise exposure, fall protection, lockout and electrical safety, all the way to topics such as access to clean water and washroom requirements.

“Trying to pinpoint a specific clause in a printed document that large isn’t very practical,” Francoeur said. “The beauty of this new tool is its user-friendliness. You can replace a heavy binder with your phone or tablet, and the tool puts the most popular safety topics at your fingertips in a way that’s very easy to read in the language of your choice.”

Tom Coughlan agrees. A manager at Marque Construction in Saint John, he served as an



The online tool is not only more user-friendly, by reducing paper consumption, it’s also more environmentally friendly.

employer representative on the construction technical committee during the tool’s development phase.

“People have always looked to make their lives easier and their jobs safer,” he said. “I think this is something that achieves both. We know that the big black binder was intimidating and difficult to read.”

Currently, the tool is primarily geared for the construction industry, Coughlan said, but there are broad topics that can benefit every workplace in the province.

“Now we want to get the word out to more workplaces that there is an alternative available.”

Safety Target

At the end of June 2015, the provincial accident frequency for all accidents is estimated at 2.67 accidents per 100 full-time equivalents. That’s below the second quarter of 2014 (2.87) and the 2015 target of 3.05.



Click for more Safety data



SAFETY GOAL

Back at WorkSafeNB, Dauphinee said these types of initiatives are the first in what the organization sees as the way of the future. In fact, plans to expand the mobile tool are already underway.



Shelly Dauphinee
Vice-President,
WorkSafe Services

“Mobile delivery is a big opportunity to connect and to provide service in a more meaningful way. Those entering the workforce today are more likely to be familiar with mobile technology, so this is a way to cater to how they prefer to get their information.”

By adhering to the organization’s continuous improvement model and commitment to stakeholder engagement, Dauphinee said WorkSafeNB is looking for user feedback to see where improvements can be made.

“We are still only scratching the surface of the potential these products can offer. That’s why we will be making the tool available as apps on iPhone and Android devices in the future, so it’s truly at users’ fingertips. We strongly encourage users to download the app and to let us know how we can continue to improve.”

WORKING SMART, FROM THE START

WorkSafeNB would like to congratulate Chanel Brideau from the Polyvalente W.-A.-Losier in Tracadie-Sheila for taking home the silver medal in the workplace safety category at the 21st annual National Skills Canada competition.

Brideau was one of 33 student competitors from New Brunswick who showcased their skills on the national stage in Saskatoon from May 27-30.

It was a proud moment for Jessica Brodie, youth programs co-ordinator with WorkSafeNB.

“I’m extremely encouraged by Chanel’s recognition at this event. She represents the future of Canada’s workforce – a workforce that, with the help of ambassadors like Chanel, will place a greater premium on workplace health and safety.”

You can read more about Chanel’s winning submission by visiting YouthSafeNB.ca.



BALANCE GOAL

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

WorkSafeNB's sound investment strategy and funding policy is ensuring the system's long-term sustainability

One of the greatest demands workers' compensation systems face is striking a balance between the interests of two key stakeholder groups – employers, who fund the system, and workers, to whom benefits are paid if they are injured at work. Not only must our board of directors be accountable to today's stakeholders, they must consider how decisions made today will impact future generations.

It's a challenge, but thanks to WorkSafeNB's sound strategic planning process, fair policy development and transparent financial reporting practices, the organization is well positioned to do just that, says its vice-president of Corporate Services and chief financial officer, Tim Petersen.

"From setting assessment rates to investment management, our positive results all come back to informed and disciplined decisions, which help to ensure continued fiscal stability and, in turn, a sustainable workers' compensation system that will be there for the foreseeable future."

Petersen said that WorkSafeNB revenue comes from two primary sources – assessments on employers' payrolls and investment income. Assessments are invested and managed by external,



Tim Petersen
Vice-President,
Corporate Services

independent, investment managers, based on a long-term investment strategy and policies set out by WorkSafeNB's board of directors. This revenue is used to pay for compensation to injured workers and occupational health and safety services.

Mike MacFarlane, WorkSafeNB's treasurer, is responsible for the organization's investment activities, cash flows and short-term financing processes. His ultimate goal is to ensure WorkSafeNB's investments are there when needed and earn a sufficient return to pay for injured workers' benefits.

Balance Target

WorkSafeNB's target is to maintain a 110% funded liability. At the end of 2014 the funded position was 137.3%.



**Click for more
Balance data**



BALANCE GOAL

He said the biggest challenge is adhering to the organization's investment discipline over the long term, in what is often a volatile environment.

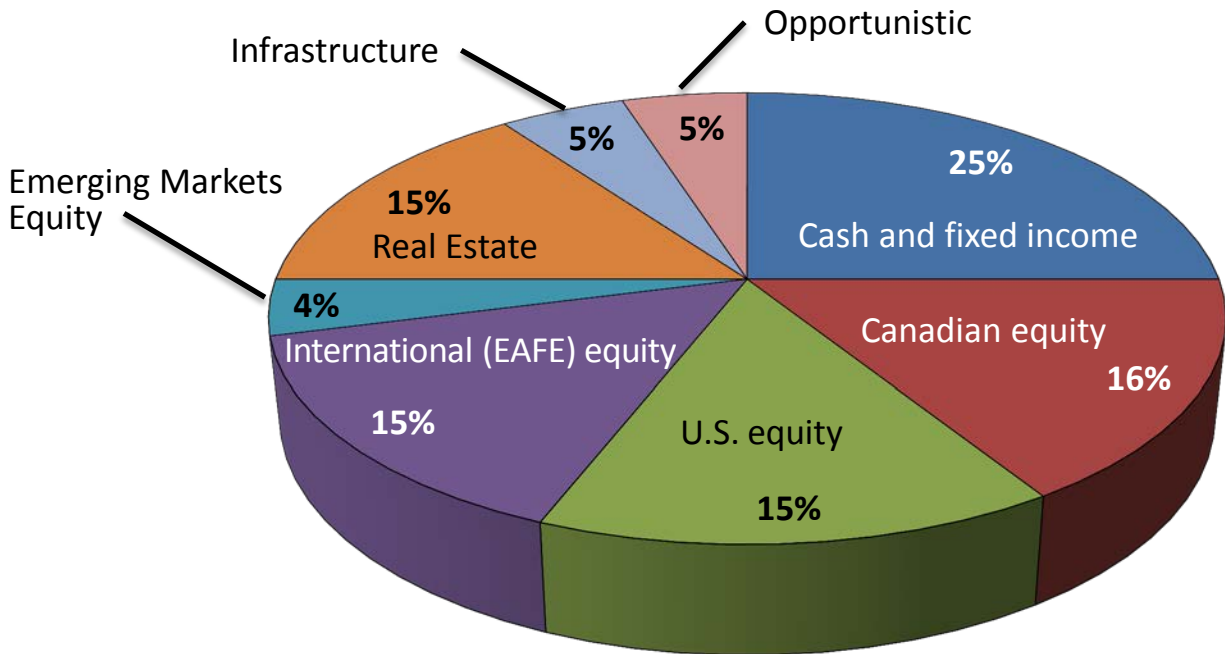
"The assets we've invested in have a high probability of achieving our return objectives over long periods of time, but can be very volatile over shorter periods, which can lead to significant fluctuations in funding."

A prime example is the financial crisis of 2008, when WorkSafeNB's funding ratio dropped to 87.7%. But thanks to a disciplined approach, the portfolio was able to participate when equity markets rebounded and, five years later, the organization's funded ratio rose to 138.2%.

This is one of the reasons WorkSafeNB was able to reduce the average assessment rate over time to what it is today.

"After suffering large losses it would be easy for fear to influence the decision-making process and cause a departure from our sound long-term discipline. Likewise at 138% funded, it would be easy for over-confidence to influence the decision-making process."

WorkSafeNB's board of directors understands this challenge, and believes its asset mix is among the most important factors affecting risk and return. So with the help of an independent consultant, the board will embark on an asset liability study later this year to help ensure its investment strategy remains appropriate in today's economic climate.



WorkSafeNB's Current Policy Asset Mix



BALANCE GOAL

After the most recent study in 2011, the board added a new 5% allocation to infrastructure and an additional 5% to real estate. To fund these changes, the board reduced bonds and equities by 5% each. These changes reduce the probability of WorkSafeNB becoming underfunded and the volatility in annual assessment rates.

“These asset classes were added to improve the diversification of the total portfolio and also for their inflation hedging properties,” MacFarlane said. “Most of WorkSafeNB’s liabilities are indexed to inflation, so assets with return streams that increase with inflation are good matches for the liabilities and help reduce inflation risk.”

MacFarlane said some degree of volatility in the funded level is expected given the asset mix the board has adopted.

“With the help of previous studies, the board has selected an asset mix and a funding policy that is expected to meet their target level of return with an acceptable level of volatility.

“The funded position would be very stable if the investment fund earned 6.6% every year. However, no asset exists that will deliver a risk-free return of 6.6%. So the board invests the assessments collected for future payments in a diversified portfolio of bonds, equities, real estate and infrastructure constructed to earn the 6.6% over long periods.”



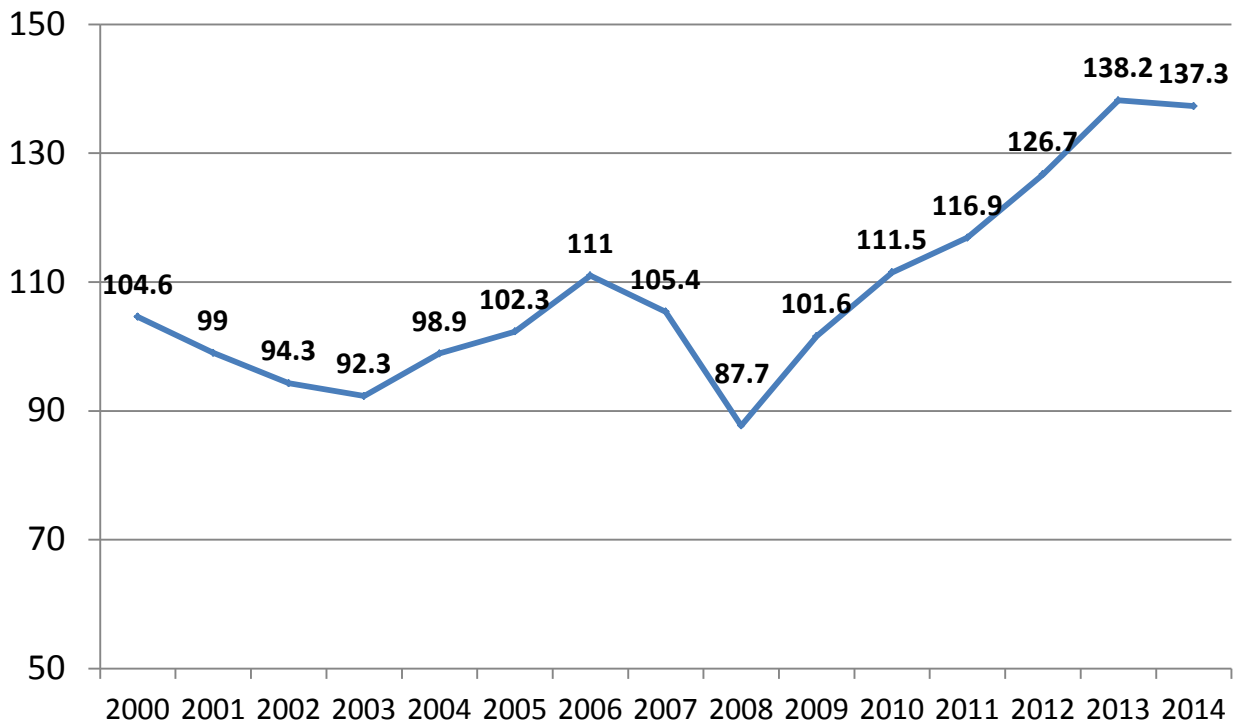
BALANCE GOAL

However, the cyclical nature of markets means that, while the average return may be 6.6%, the annual returns will fluctuate significantly.

“In good years, strong returns will push the funded level significantly higher than the board’s 110% target, and in poor years the ratio will drop below 100%.”

This volatility in the funded position is expected given the inherent volatility in investments. For example, when the ratio is significantly above the 110% target, it doesn’t necessarily mean there are extra funds available, MacFarlane said. It may simply indicate that the organization has experienced a period of strong investment returns, which will be offset by future low returns.

Historic Funding Level (%)



BALANCE GOAL

“And when the funded status drops below 100%, it doesn’t necessarily mean we will be short of funds. It may be that we have experienced a period of poor investment returns that will be offset by future strong returns.”

Through its disciplined investment and funding policies, WorkSafeNB’s board of directors tries to reduce this volatility as much as possible, while still targeting an acceptable rate of return and an acceptable assessment rate, MacFarlane said.

“This trade-off between the amount of return and volatility to target from the investment portfolio (via the asset mix decision) and the level of assessment rates is one of the most important decisions the board makes – and they must use their judgement to strike a balance.”

So what does this all mean for workers and employers? It all boils down to long-term stability, Petersen said.

“By maintaining the discipline around WorkSafeNB’s investment portfolio, we can help reduce the volatility in our operating income, keep employer assessment rates low, all while maintaining the monies needed to secure benefits for injured workers.”

BALANCE BASICS

- WorkSafeNB’s funding status is usually expressed as the difference between its total assets and total liabilities. Total liabilities are the estimated future costs for all existing claims, while total assets include WorkSafeNB’s investment portfolio and other assets.
- When total liabilities exceed total assets, it’s considered an unfunded liability. When total assets are greater than total liabilities, it’s considered to be a surplus.
- WorkSafeNB’s funding policy specifies a funding goal (ratio of assets to liabilities) of 110%. This permitted excess of assets over liabilities reduces the impact of year-to-year fluctuations, therefore providing assessment rate stabilization and enhanced security awarded benefits will be met.



MORE DETAILS



Quick Facts



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Financials



Quality Governance



Balance



Safety



Return to Work



Service



**Staff Satisfaction and
Engagement**

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