



Third Quarter Results

July to September 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.

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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.

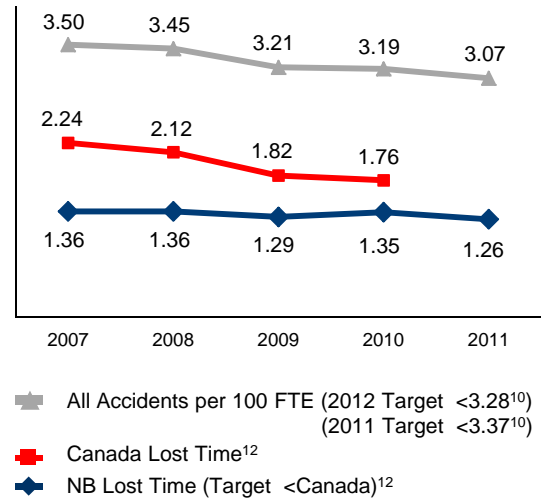
Annual Targets

- 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 for 2013.

Accident Frequency Rates
(Accidents/100FTE)



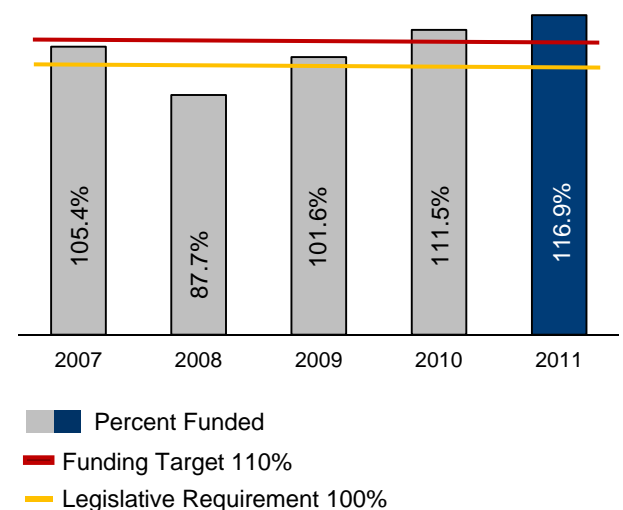
Balance

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 ¹



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.

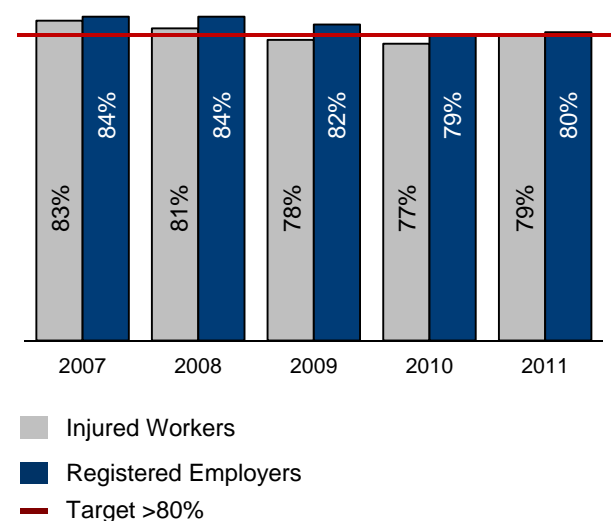
Annual Target

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

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.

Client Satisfaction¹



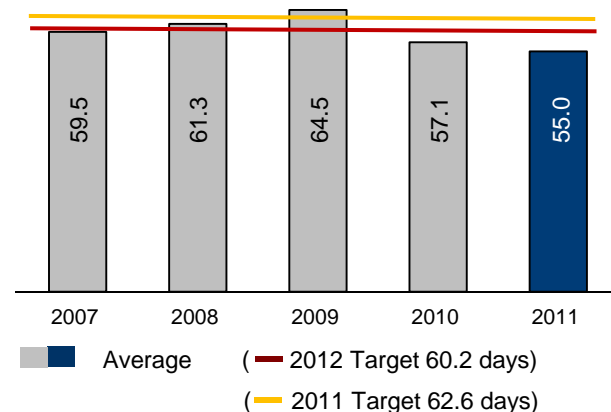
Return to Work

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 Days¹⁰



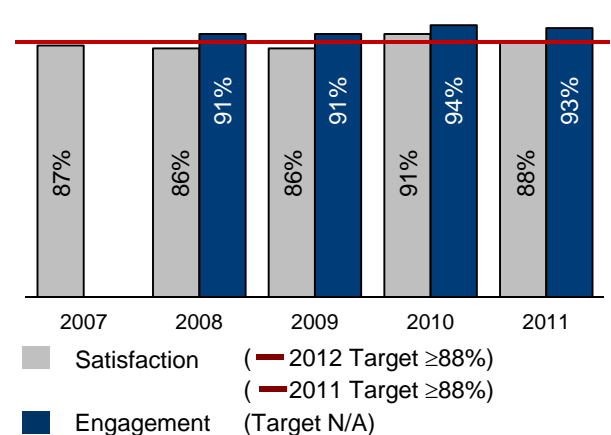
Staff Satisfaction & Engagement

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 & Engaged¹

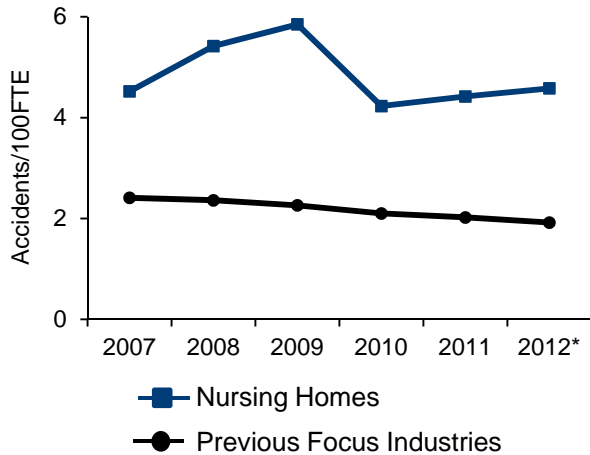


* Target to be established once five years of data is available

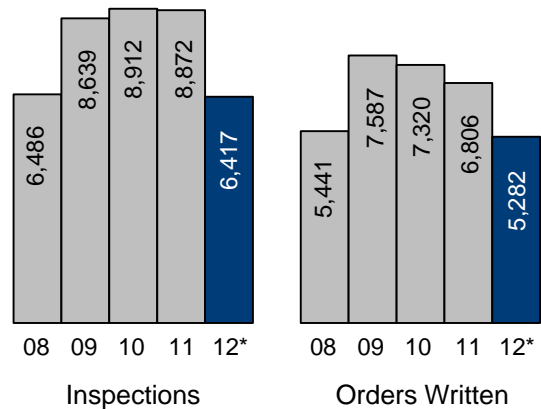
Achieving Our Goals: 3rd Quarter Management Notes

Safety

Focus Industries Lost Time Accident Rate^{2,10,11}
(Annual / YTD*)



OHS Compliance^{2,10}
(Annual / YTD*)



Annual Target Year-to-Date

- At the end of September 2012, the provincial accident frequency for all accidents is 2.99 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:
 - Supermarkets were removed from current focus industries, as a result of its reduced and now stable accident frequency. It will continue to be monitored as part of the previous focus industry group;
 - Lost-time accident frequency for the current focus industry, nursing homes, is 4.58 accidents per 100 FTE, below the previous five-year average (4.89); and
 - Lost time accident frequency of previous focus industries is 1.92 accidents per 100 FTE, lower than the previous five-year average (2.23).

WorkSafe Culture

- WorkSafeNB organized and hosted Progressive Agriculture Safety Day focused on teaching youth about farm health and safety. The event involved 763 participants including students, teachers and volunteers.
- WorkSafeNB hosted its 32nd annual health and safety conference to promote workplace health and safety practices. There were 677 participants. Speakers of note included:
 - Shelagh Rogers on her experience with depression; and
 - Luis Sanchez on making safety a workplace value.

Firm Level Intervention

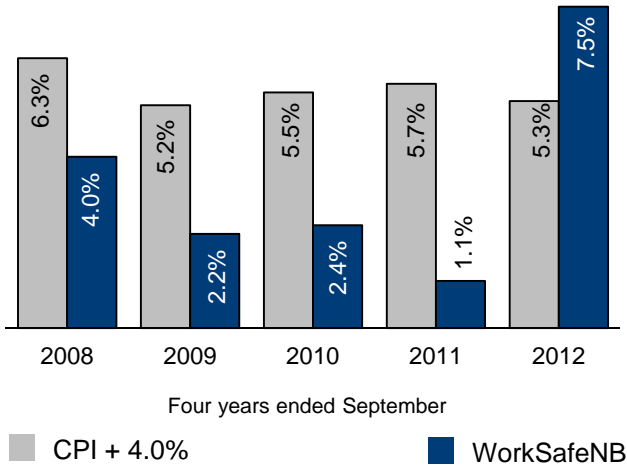
- WorkSafeNB provides focused attention to individual firms based on their accident record and the accident history of the industry group. This contributes to creating a sustainable health and safety infrastructure within these firms. As of September 2012, the aggregate accident frequency for focus firms is 5.63 accidents per 100 FTE, below the previous five-year average of 7.44.

Achieving Our Goals: 3rd Quarter Management Notes

Balance

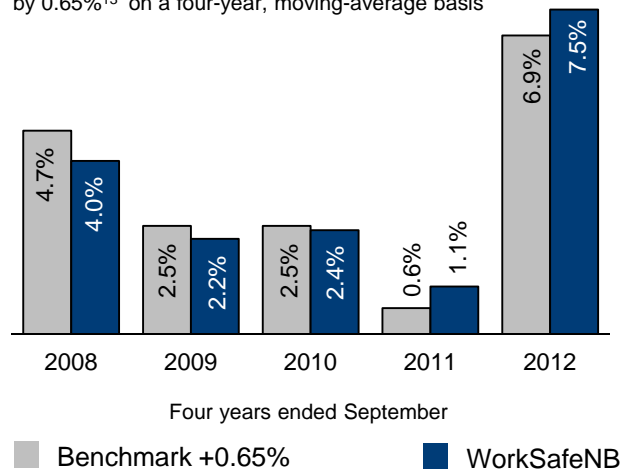
Performance Objective 1⁴

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



Performance Objective 2⁴

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



Disciplined Investment Management

- WorkSafeNB's investment portfolio gained 3.44% in the third quarter of 2012, and has gained 7.89% year-to-date to September 30, 2012. World equity markets advanced during the third quarter as the US Federal Reserve launched its QE3 program, pledging to buy mortgage-backed securities until the unemployment rate improves significantly. Canadian equities gained 7.0% for the quarter. U.S. stocks gained 2.7% in CAD terms. International (EAFE) stocks gained 3.2%. 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 third quarter of 2012 was \$0.9 million greater than budget, and \$18.4 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 third quarter was \$5.3 million higher than budget. The rate of return as of the end of the third quarter was 7.89% compared to a budgeted rate of return of 5.34%, and a -2.48% rate of return at the end of the third quarter of 2011.

Total expenses for the third quarter of 2012 were lower than budgeted by \$16.6 million and \$11.8 million less than the previous year. Claims costs were \$13.3 million less than budgeted, and \$12.8 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 third quarter of 2012. Administration, Appeals Tribunal costs, and legislative obligations were lower than budgeted by \$3.3 million, and \$0.9 million higher than the previous year. The above results yielded a net surplus for the period of \$59.5 million compared to a budgeted net surplus of \$10.0 million. The funding ratio at the end of the third quarter of 2012 was 121.9%, compared to 106.9% at the end of the third quarter of 2011.

Achieving Our Goals: 3rd 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 is estimated to be \$5.3 million. Of this, \$1.1 million relates to self-insured employers and has no net impact on the financial statements.

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

Assessment Rates

- The provisional assessment rate for 2013 is \$1.44 per \$100 of payroll, a reduction of 15% from 2012 (\$1.70). A strong funded position and decreasing claims costs warranted an average rate reduction. The rate reduction will see assessed premiums for approximately 13,500 employer operations either drop or remain stable in 2013.

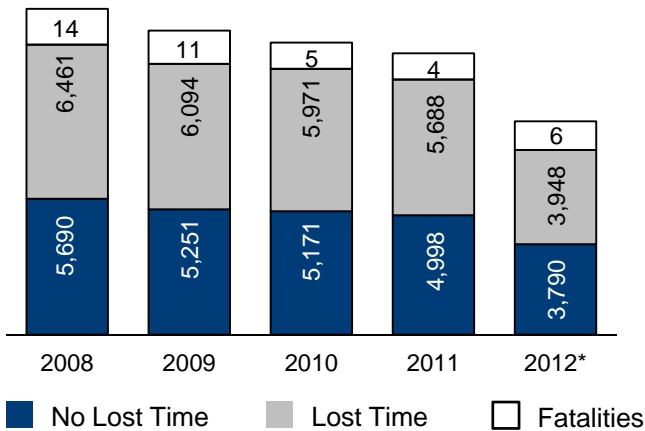
Governance

- As part of its ongoing commitment to professional development, the Board of Directors:
 - Attended a retreat to discuss governance, strategic planning, and legislative responsibilities; and
 - Participated in an investment education session to assist with oversight responsibilities associated with the accident fund.
- Bill Oliver was appointed to the WorkSafeNB Board of Directors as the Vice-chairperson effective September 5, 2012 for a four year term.
- The 2011 Report to Stakeholders is available at www.worksafenb.ca.

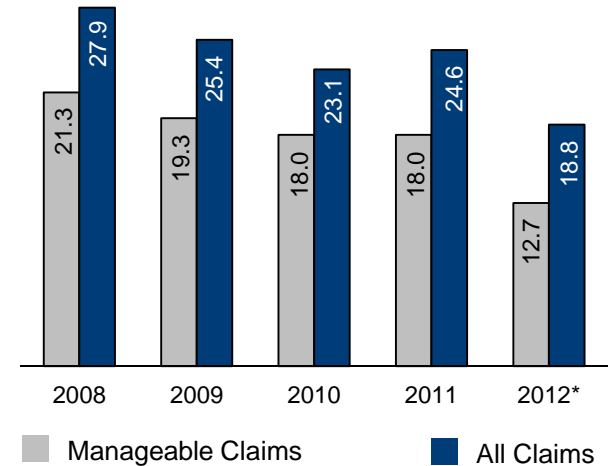
Achieving Our Goals: 3rd Quarter Management Notes

Service

Claims Accepted by Type ^{2,6,7}
Annual / YTD*



Days-to-First Benefit Cheque ^{2,5}
Annual / YTD*



Claims Volume

- When compared to the same time period in 2011, year-to-date total claims volume is down 2.7%, no lost time claims had a slight increase of 1.7%, and lost time claims decreased by 6.8%.

Measuring and Evaluating Client Satisfaction

- WorkSafeNB selected MQO Research through a competitive process to develop a new tool to measure service delivery. The new tool will allow the Board to quantify whether it is achieving its service goal.
- A third-party research firm surveyed New Brunswickers to better understand awareness of the WorkSafeNB brand and gauge recall of television advertisements promoting workplace safety. Of those surveyed:
 - 54% were very or somewhat familiar with WorkSafeNB;
 - 52% identified WorkSafeNB as a government agency; and
 - 24% of all New Brunswickers and 32% of employed New Brunswickers were able to recall WorkSafeNB advertisements.

Time to First Cheque

- Days to first cheque decreased slightly for manageable claims year-to-date when compared to 2011 and increased for all claims by 1.3 days (7.4%) year-to-date when compared to 2011.

Helping Clients Navigate the System

- The Appeals Tribunal received 580 requests for appeals, down 0.2% when compared to the same quarter in 2011. The Tribunal also resolved 585 appeals, up 2.6% when compared to the same quarter in 2011.

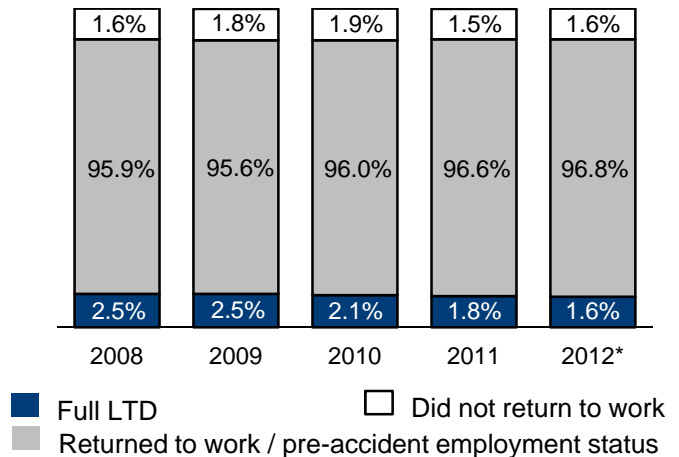
Achieving Our Goals: 3rd Quarter Management Notes

Return to Work

Paid Compensation Days^{2,10},
(Annual / YTD*)



Lost-time Claim Disposition^{2,10},
RTW Goal & Full LTD (Annual / YTD*)



Annual Target Year-to-Date

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

Medical Case Management

- The WorkSafeNB launch of an online provider portal for physiotherapy clinics has 267 users to date. The service continues to expand with the introduction of an online work conditioning form that features:
 - User friendly drop down menus; and
 - An executive summary focused on providing physicians relevant data to inform return to work decisions.

Use of this form provides WorkSafeNB with codable data that facilitates analysis of outcomes based on injury, conditions, or providers.

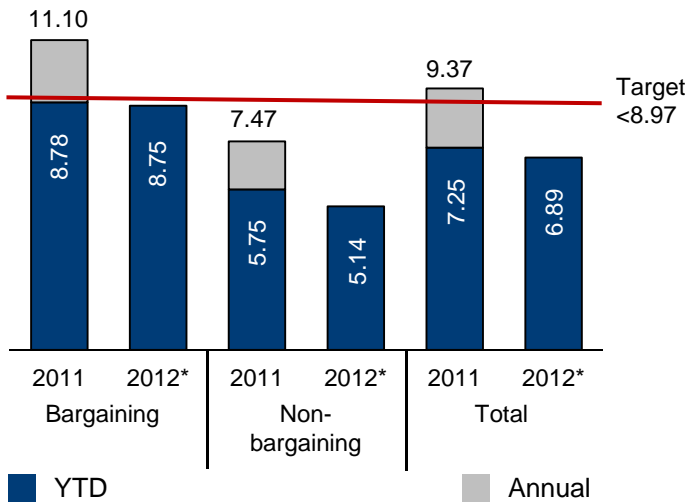
Best Practices in Return to Work Management

- Directed at physiotherapists, WorkSafeNB organized a series of workshops on functional abilities. The workshops advised physiotherapists of the information required by WorkSafeNB to inform return to work decisions, including:
 - Functional testing;
 - Correlation of client performance with clinical findings;
 - Assessment of performance of key job demands; and
 - Suggesting work modifications to accommodate a transitional return to work.

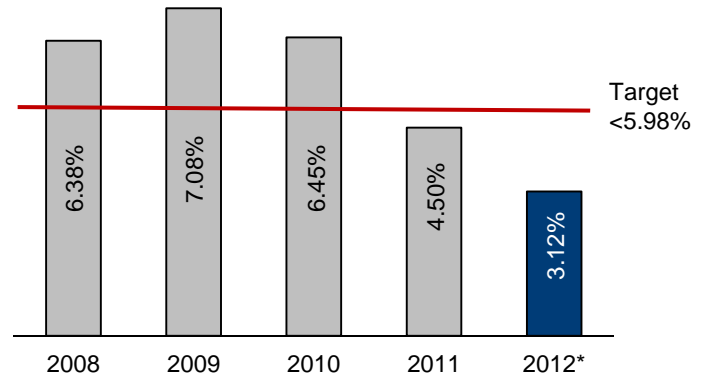
Achieving Our Goals: 3rd Quarter Management Notes

Staff Satisfaction and Engagement

Days Absent ^{3,8}
Annual / YTD*



Staff Turnover ^{3,9}
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 three claims year-to-date.
- Scheduled activities in the health and safety plan completed in the third quarter include:
 - Identified training requirements for JHSC members;
 - Recommended ergonomic software for installation on WorkSafeNB computers; and
 - Inspected security systems in regional offices.

Employee Satisfaction and Engagement

- Administered by an independent third party, the annual WorkSafeNB employee satisfaction survey was conducted in the third quarter, to measure satisfaction in the following areas:
 - Corporate leadership;
 - Working environment;
 - Communication;
 - Job satisfaction;
 - Supervision;
 - Staff engagement;
 - Compensation; and
 - Opinion of WorkSafeNB as a good place to work.

Succession and Development

- In the third quarter, 26 competitions were opened, 23 of which were for regular positions. There were 9 internal promotions.
- Individual employee development plans are identified during the performance management process. In addition, general professional development activities offered by Human Resources included:
 - Orientation for new employees;
 - Working smarter with Outlook; and
 - Manager's orientation on issues of labour and compensation.
- One employee joined the Growing Leaders program.

Disability Management

- WorkSafeNB supported three employees with gradual return to work programs, allowing two employees to return to full duties, with one program ongoing.

Risk Assessment

As part of its annual strategic planning process, the Board of Directors identifies, assesses, and responds to 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 estimated to be \$5.3 million. Of this, \$1.1 million relates to self-insured employers and has no net impact on the financial statements.

	Level	Strategy
Unique Mandate Risks		
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
Operational Risks		
Impact of catastrophic events on business continuity	Cautionary	Reduce
Employee retirement levels	Unacceptable	Reduce
Retaining WorkSafeNB employees in specialized fields	Cautionary	Reduce
Risks to Reputation		
Government decisions that are independent of WorkSafeNB advice	Unacceptable	Reduce
Impact of external agencies' recommendations upon WorkSafeNB	Cautionary	Reduce
External Risks		
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 toward key legislative 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
Governance & Administration	
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	
Evaluation / Engagement	
NEW – Resource the development of a new client satisfaction survey tool	
Medical Aid & Assistive Devices	
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	
Entitlement & Benefits	
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	

Employer Services

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

Legislative

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 third 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 third quarter of 2012 compared to the corresponding period for the previous year.

Unaudited Statement of Operations For the 9 Months Ending September 30, 2012

	Budget	Actual	Previous
	YTD	YTD	YTD
	(000's)	(000's)	(000's)
Income			
Assessments including self-insured	\$131,246	\$137,431	\$152,113
Investments	54,408	81,126	(27,296)
Province of NB	–	–	100
	\$185,654	\$218,557	\$124,917
Expenses			
Claims costs incurred	141,263	127,932	140,691
Administration	31,989	28,906	28,027
Appeals Tribunal	1,407	1,189	1,190
Legislative obligations	1,031	1,028	987
	\$175,690	\$159,055	\$170,895
Net surplus	\$9,964	\$59,502	(\$45,978)

Statements of Operations and Cash Flows

Unaudited Statement of Cash Flows For the 9 Months Ending September 30, 2012

	Actual	Previous
	YTD	YTD
	(000's)	(000's)
Cash flow from operating activities:		
Cash received from:		
Assessed employers	\$118,358	\$137,164
Self-insured employers	20,068	20,278
Interest and dividends	23,050	20,805
Province of New Brunswick	–	400
	<hr/> 161,476	<hr/> 178,647
Cash paid to:		
Injured workers or third parties on their behalf	100,867	99,067
Suppliers & employees, for administration & other services	34,660	31,989
	<hr/> 135,527	<hr/> 131,056
Net cash provided by operating activities	25,949	47,591
Cash flow from investing activities:		
Cash received from:		
Sale of investments	255,406	263,622
Cash paid for:		
Purchase of investments	273,016	294,888
Purchase of capital assets	872	1,057
	<hr/> 273,888	<hr/> 295,945
Net cash (used in) investing activities	(18,482)	(32,323)
Increase in cash during the year:	7,467	15,268
Cash and short-term investments, beginning of period	21,774	28,374
Cash and short-term investments, end of period	\$29,241	\$43,642

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.

End Notes

1. Annual outcomes are reported using the data provided in the 2011 Annual Results Document.
2. Source: WorkSafe Services, September 30, 2012.
3. Source: Human Resources, September 30, 2012.
4. Source: Corporate Services, September 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.

Contact

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