



# First Quarter Results

January to March 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](http://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.

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.

## Values

We dedicate ourselves to the provision of 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 are committed to providing 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

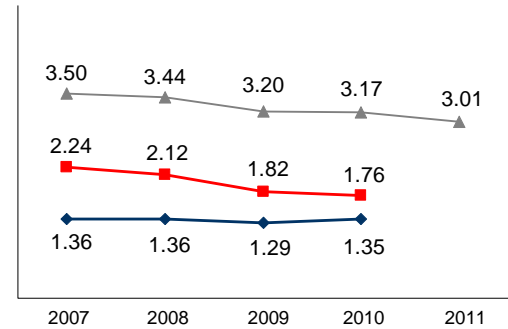
Our vigorous pursuit of a safe work culture will lead to a decline in the overall frequency of workplace injuries, and a decline in the perception of the inevitability of workplace injuries in New Brunswick.

### 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 agreeing that workplace injuries are inevitable will be lower than the previous five-year average.

### Accident Frequency Rates

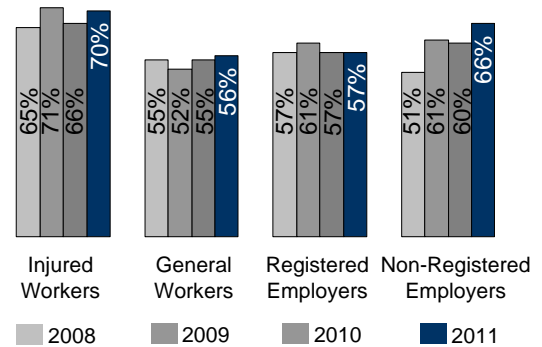
(Accidents/100 FTE)



- ▲ All Accidents per 100 FTE (2012 Target <3.28<sup>1,10</sup>) (2011 Target <3.37<sup>1,10</sup>)
- Canada Lost Time<sup>12</sup>
- ◆ NB Lost Time (Target <Canada)<sup>12</sup>

### Workplace Accidents & Injuries are Inevitable<sup>1\*</sup>

(Percent Agreeing)



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

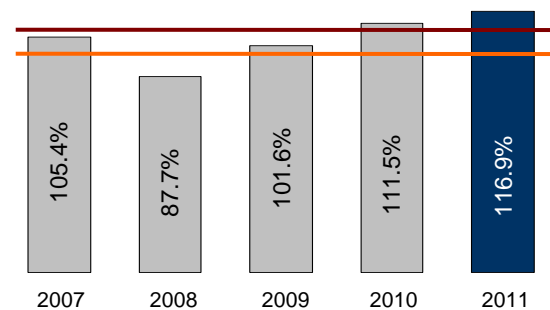
## Balance

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<sup>1</sup>



- Percent Funded
- Funding Target 110%
- Legislative Requirement 100%

# Strategic Goals

- Target Achieved
- Target Not Achieved

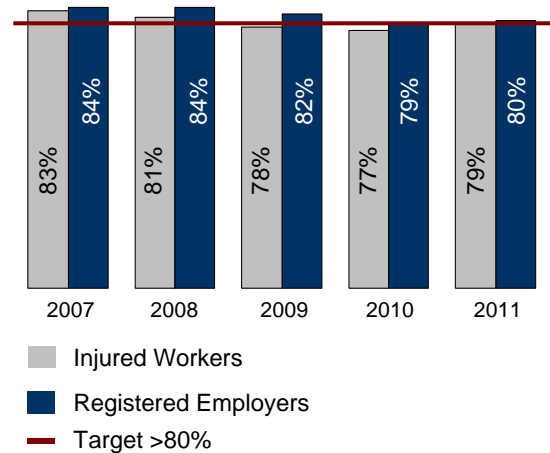
## Service

We will provide effective programs and services, implemented with care, compassion, efficiency, promptness, and fairness, to benefit both workers and employers.

### Annual Target

- 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 Satisfaction<sup>1</sup>



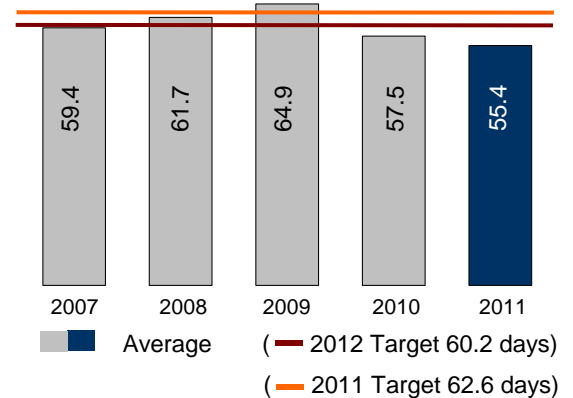
## Return to Work

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 Days<sup>1,10</sup>



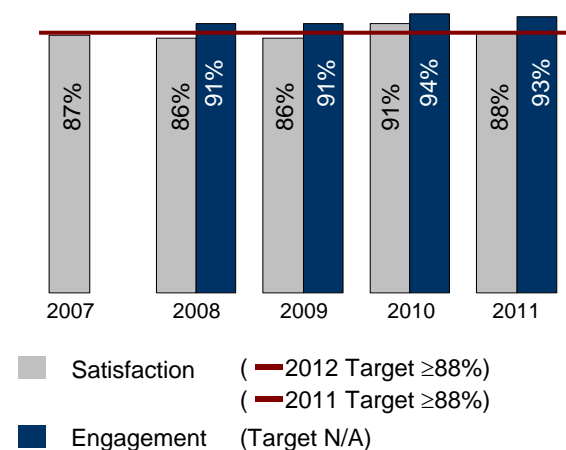
## Staff Satisfaction & Engagement

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 & Engaged<sup>1</sup>

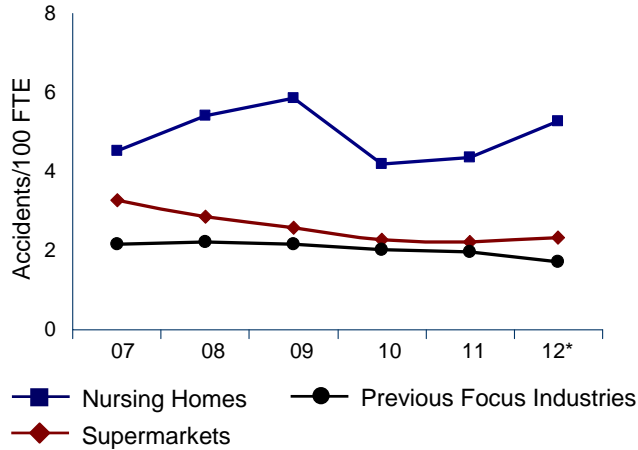


\* Target to be established once five years of data is available

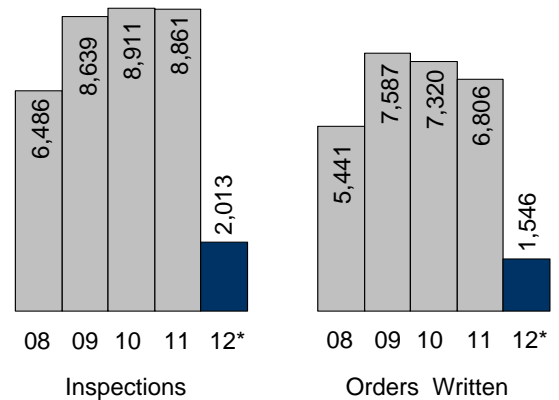
# Achieving Our Goals: 1st Quarter Management Notes

## Safety

Focus Industries Lost Time Accident Rate<sup>2,10,11</sup>  
(Annual / YTD\*)



OHS Compliance<sup>2, 10</sup>  
(Annual / YTD\*)



### Annual Target Year-to-Date

- At the end of March 2012, the provincial accident frequency for all accidents is 3.24 accidents per 100 FTE, below the 2012 target of 3.28. Similar to previous years, it is expected that this number will decline as data matures.

### High-risk Industries

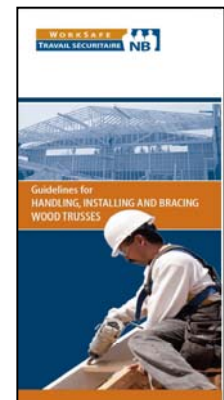
- WorkSafeNB continues to focus on high-risk industries to develop a sustainable safety culture. Year-to-date:
  - Lost-time accident frequency per 100 FTE for current focus industries is below the previous five-year average for supermarkets at 2.32 (5yr = 2.64) and above for nursing homes at 5.28 (5yr = 4.86); and
  - Lost-time accident frequency of previous focus industries is 1.71 accidents per 100 FTE, lower than the previous five-year average (2.11).

### 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 March 2012, the aggregate accident frequency for focus firms is 4.01 accidents per 100 FTE, below the previous five-year average of 7.37.

### WorkSafe Culture

- WorkSafeNB identified risks associated with roof truss collapses in New Brunswick and developed a pamphlet to communicate safe work practices to employers, contractors and workers. The brochure is available at [www.worksafenb.ca](http://www.worksafenb.ca).

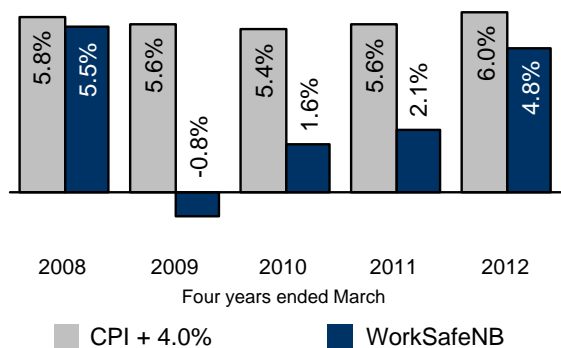


# Achieving Our Goals: 1st Quarter Management Notes

## Balance

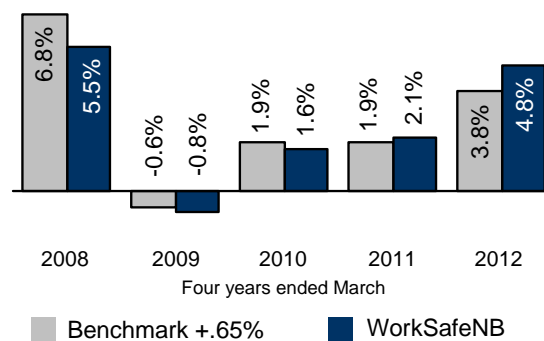
### Performance Objective 1<sup>4</sup>

The investment portfolio's rate of return is to exceed the increase in the CPI+4.0%<sup>13</sup>, on a four-year, moving-average basis



### Performance Objective 2<sup>4</sup>

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



### Disciplined Investment and Financial Management

- Assessment income for the first quarter of 2012 was close to budget, and \$5.2 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 first quarter was \$34.7 million higher than budget. Total expenses for the first quarter of 2012 were lower than budgeted by \$1.2 million. Claims costs were close to budget, and \$2.6 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. Administration, Appeals Tribunal costs, and legislative obligations were lower than budgeted by \$1.3 million, and \$0.2 million higher than the previous year. The above results yielded a net surplus for the period of \$39.6 million compared to a budgeted net surplus of \$3.5 million.
- WorkSafeNB's investment portfolio gained 5.07% in the first quarter of 2012, and has gained 4.68% for the year ended March 31, 2012. Most World equity markets achieved strong positive returns during the first quarter as concerns about sovereign debt defaults in Europe eased and the U.S. economy showed signs of improvement.

Note: Statements of Operations and Cash Flows are available on page 12 & 13.

Canadian equities gained 4.4% for the quarter. U.S. stocks gained 10.5% in CAD terms. 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.

- A recent decision from the court of Appeal of New Brunswick (J.D. Irving, Limited (Sussex Sawmill) v. Wayne Douthwright and Workplace Health, Safety and Compensation Commission, 2012 NBCA 35-68-11-CA) is likely to have a material impact on WorkSafeNB's financial position. The implications of the decision are currently being evaluated, however the effects are not yet quantifiable.

### Oversight, Audit, and Evaluation

- WorkSafeNB submitted to Government its 2011 Annual Report and the 2011 Annual Report of the *Firefighter's Compensation Act* Disability Fund, which WorkSafeNB administers for Government. Reports are available at [www.worksafenb.ca](http://www.worksafenb.ca).

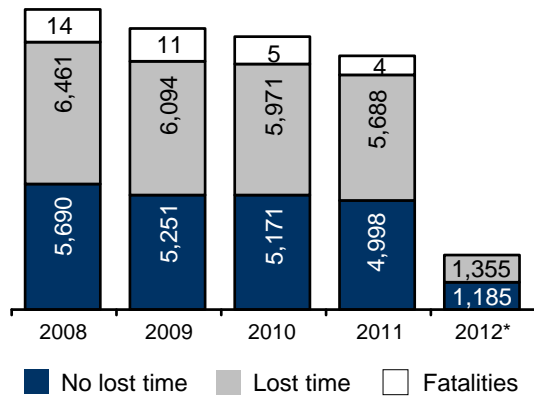
### Governance

- Two new members were appointed to the WorkSafeNB Board:
  - Euclide Haché as a worker representative; and
  - Mel Vincent as an employer representative.
- The Board of Directors appointed Gerard Adams as WorkSafeNB's new President and Chief Executive Officer.

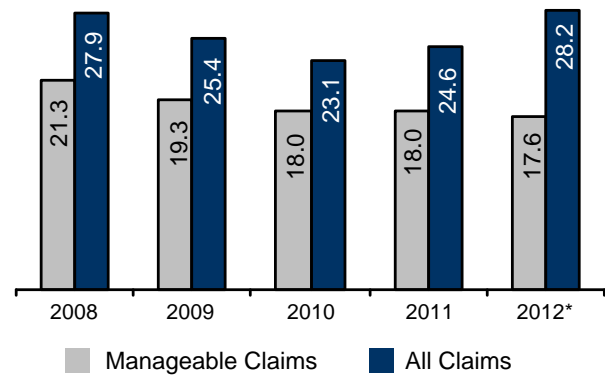
# Achieving Our Goals: 1st Quarter Management Notes

## Service

Claims Accepted by Type<sup>2,6,7</sup>  
Annual / YTD\*



Days-to-First-Benefit Cheque<sup>2,5</sup>  
Days from Date of Disablement  
(Annual / YTD\*)



### Claims Volume

- Year-to-date claims volume is down when compared to the same quarter in 2011, total claims accepted decreased 5.3%, no lost time claims decreased 0.9%, and lost time claims decreased 8.7%.

### Helping Clients Navigate the System

- The Appeals Tribunal received 190 requests for appeals, up 21% when compared to the same quarter in 2011. The Tribunal also resolved 205 appeals, up 13.3% when compared to the same quarter in 2011.
- WorkSafeNB updated its brochure on the direct-pay prescription drug program. The program allows injured workers to receive approved prescriptions with WorkSafeNB paying costs at the pharmacy. The brochure explains the process, responsibilities, and roles of injured workers, the pharmacy and WorkSafeNB.



### Time to First Cheque

- Days to first cheque were stable for manageable claims, decreasing by 0.5 days (-2.8%) when compared to first quarter 2011. All claims increased by 3.8 days (15.6%) when compared to first quarter 2011.

### Cost-effective Service Delivery

- WorkSafeNB offers employers the option to register for web-based electronic filing of accident reports (e-Form 67). The system was recently upgraded to provide employers with the ability to extract data directly from their company HR system and import it into the e-Form 67. This improves efficiencies for employers by avoiding duplication of data entry.

### Measuring and Evaluating Client Satisfaction

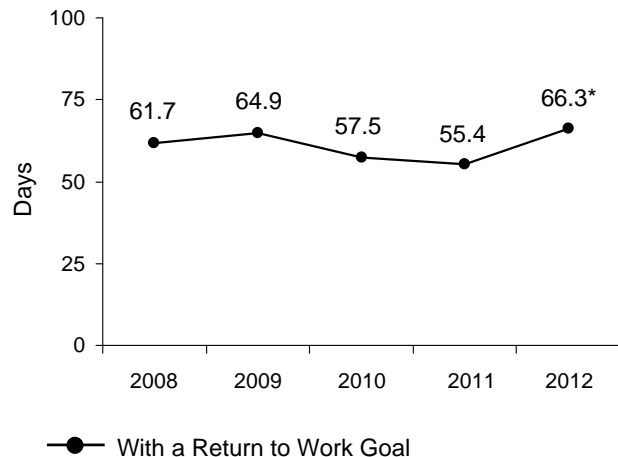
- The Board of Directors received the results of the 2011 Client Satisfaction Study. Overall satisfaction for injured workers was 79% and registered employers was 80%. The study can be viewed at [www.worksafenb.ca](http://www.worksafenb.ca).



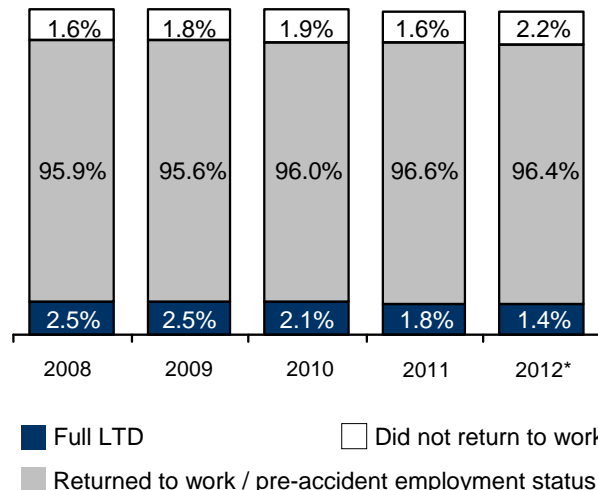
# Achieving Our Goals: 1st Quarter Management Notes

## Return to Work

**Paid Compensation Days<sup>2,10</sup>**  
(Annual / YTD\*)



**Lost-time Claim Disposition<sup>2,10</sup>**  
RTW Goal & Full LTD (Annual / YTD\*)



### Annual Target Year-to-Date

- As of March 2012, the number of paid compensation days for claimants with a return to work goal is 6.1 days above the 2012 target of 60.2 days.

### Medical Case Management

- WorkSafeNB launched its online provider portal for physiotherapy clinics. This full service portal provides:
  - Physiotherapists with billing and reporting functionality; and
  - WorkSafeNB staff with management of authorizations for services and supplies.

The portal allows for all in-province physiotherapy services to be submitted, invoiced, and paid through the system to reduce the number of paper-based invoices.

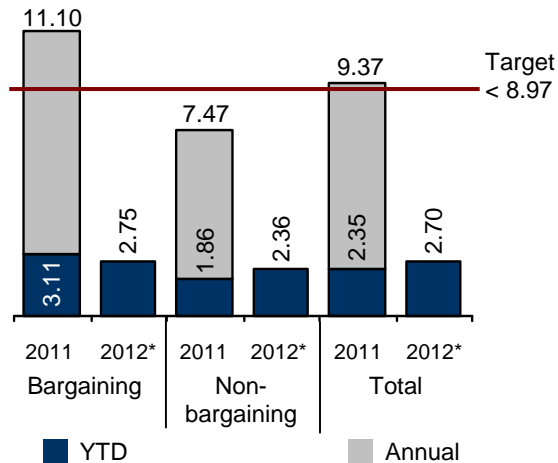
### Best Practices in Return to Work Management

- WorkSafeNB implemented a one-year pilot of employer direct access to physiotherapy for soft tissue injuries. Centred in the Southeast region, it involves five larger employers and seven physiotherapists. Creating an environment where physiotherapy assessment and treatment is accessed faster, it is anticipated to positively impact claim duration and early and safe return to work.
- To further improve return to work, WorkSafeNB uses the services of job search providers to help injured workers find alternative employment. An audit of the providers to evaluate service standards identified good compliance with:
  - Timely initial planning meetings;
  - Regular reporting of client progress; and
  - Regular meetings with the client.

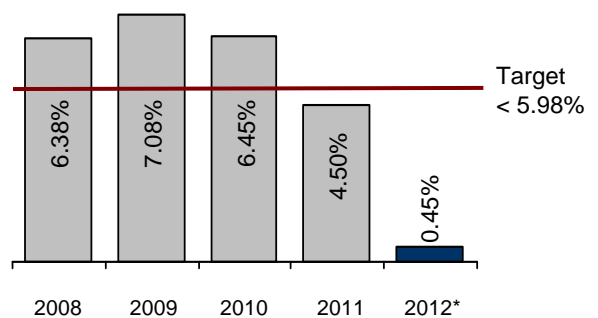
# Achieving Our Goals: 1st Quarter Management Notes

## Staff Satisfaction and Engagement

Days Absent <sup>3,8</sup>  
Annual / YTD



Staff Turnover <sup>3,9</sup>  
Percentage of all Staff (Annual / YTD\*)



### Health, Safety, and Wellness

- One no lost time claim was accepted under the *Workers' Compensation Act*, with minimal cost to date.
- Scheduled activities in the health and safety plan completed in the first quarter include:
  - Review of General Health and Safety Rules that identified they are appropriate and required no revision;
  - Annual review and update of emergency response plans for all WorkSafeNB sites;
  - Development of a lockdown procedure for WorkSafeNB head office that was forwarded to the Joint Health and Safety Committee for review and was accepted as presented; and
  - An audit of security card access process resulted in an updated card tracking system.

### Succession and Development

- In the first quarter, eight competitions were opened, 2 of which were for regular positions. There was one internal promotion.
- Professional development activities involved employees participating in presentations and workshops on:
  - Advanced Driver Improvement;
  - Employee Orientation; and
  - Safety Smart Program for student employees.

### Wages and Benefits

- WorkSafeNB has been involved in meetings with the Pension Branch of the New Brunswick Government, other crown corporations and Medavie Blue Cross concerning the options for future changes to insured benefits for retirees.

# Risk Assessment

As part of its annual strategic planning process, the Board identifies and assesses risks that could impact WorkSafeNB's ability to achieve its goals.

## Management's Cautionary Notes:

A recent decision from the court of Appeal of New Brunswick (J.D. Irving, Limited (Sussex Sawmill) v. Wayne Douthwright and Workplace Health, Safety and Compensation Commission, 2012 NBCA 35-68-11-CA) is likely to have a material impact on WorkSafeNB's financial position. The implications of the decision are currently being evaluated, however the effects are not yet quantifiable.

	Level	Strategy
<b>Unique Mandate Risks</b>		
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	Unacceptable	Reduce
Board succession planning	Cautionary	Reduce
Appeals Tribunal decisions that are inconsistent with WorkSafeNB policy	Unacceptable	Reduce
Varying expectations of WorkSafeNB's role in health and safety	Acceptable	Reduce
Gaps and delays in OHS legislation	Cautionary	Reduce
Funding level	Cautionary	Accept
Defining WorkSafeNB's role in return to work	Cautionary	Reduce
Higher accident frequencies in focus industries	Cautionary	Reduce
<b>Operational Risks</b>		
Impact of catastrophic events on business continuity	Cautionary	Reduce
Employee retirement levels	Unacceptable	Reduce
Retaining WorkSafeNB employees in specialized fields	Cautionary	Reduce
<b>Risks To Reputation</b>		
Government decisions that are independent of WorkSafeNB advice	Unacceptable	Reduce
Protecting the integrity of the system	Acceptable	Reduce
Impact of external agencies' recommendations upon WorkSafeNB	Cautionary	Reduce
<b>External Risks</b>		
Impact of culture, language, and literacy	Acceptable	Reduce
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
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 towards key legislation 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
<b>Governance &amp; Administration</b>	
41-002 Governance Statement Annual Review	
41-004 Governance – Policy Development and Evaluation	
41-007 Privacy and Information Security	
33-000 Human Resources	
34-205 Statement of Investment Philosophy & Beliefs	
37-100 Long-term Fiscal Strategy	
NEW - Balancing Decisions	
<b>Evaluation / Engagement</b>	
NEW – Resource the development of a new client satisfaction survey tool	
<b>Medical Aid &amp; Assistive Devices</b>	
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	
<b>Entitlement &amp; Benefits</b>	
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	

<b>Employer Services</b>	<b>Completed</b>
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	
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<b>Legislative</b>	
<i>WHSCC Act</i> – Appeals Tribunal Decisions	
Amendment to death benefits	
Board to approve regulations	
General provisions under the <i>OHS Act</i>	
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	
<i>Workers' Compensation Act</i> – Penalties, fines, accident reporting	

# Statements of Operations and Cash Flows

## Unaudited Statement of Operations For the 3 Months Ending March 31, 2012

	Budget (YTD)	Actual (YTD)	Previous (YTD)
	(000's)	(000's)	(000's)
<b>Income</b>			
Assessments including self-insured	\$44,103	\$44,315	\$49,551
Investments	18,133	52,824	29,970
Province of NB	-	-	100
	<b>\$62,236</b>	<b>\$97,139</b>	<b>\$79,621</b>
<b>Expenses</b>			
Claims costs incurred	47,087	47,256	49,843
Administration	10,809	9,561	9,388
Appeals Tribunal	480	412	395
Legislative obligations	344	329	329
	<b>\$58,720</b>	<b>\$57,558</b>	<b>\$59,955</b>
Net surplus	<b>\$3,516</b>	<b>\$39,581</b>	<b>\$19,666</b>

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.

# Statements of Operations and Cash Flows

## Unaudited Statement of Cash Flows For the 3 Months Ending March 31, 2012

	Actual YTD	Previous YTD
	(000's)	(000's)
<b>Cash flow from operating activities</b>		
Cash received from:		
Assessed employers	\$55,879	\$64,817
Self-insured employers	6,954	6,223
Interest and dividends	6,583	6,078
Province of New Brunswick	400	400
	<u>69,416</u>	<u>77,518</u>
Cash paid to:		
Injured workers or third parties on their behalf	33,230	33,097
Suppliers & employees, for administration and other services	11,694	11,356
	<u>44,924</u>	<u>44,453</u>
<b>Net cash provided by operating activities</b>	<b>24,492</b>	<b>33,065</b>
<b>Cash flow from investing activities</b>		
Cash received from:		
Sale of Investments	68,930	121,823
Cash paid for:		
Purchase of investments	73,729	123,493
Purchase of capital assets	213	334
	<u>73,942</u>	<u>123,827</u>
<b>Net cash (used in) investing activities</b>	<b>(5,012)</b>	<b>(2,004)</b>
<b>Increase in cash during the year:</b>	<b>19,480</b>	<b>31,061</b>
Cash and short-term investments, beginning of period	21,774	28,374
<b>Cash and short-term investments, end of period</b>	<b><u>\$41,254</u></b>	<b><u>\$59,435</u></b>

# Endnotes

1. Annual outcomes are reported using the data provided in the 2011 Annual Results Document.
  2. Source: WorkSafe Services, March 31, 2012.
  3. Source: Human Resources, March 31, 2012.
  4. Source: Corporate Services, March 31, 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 = active positions / (active positions + terminated positions) per year.
  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 34-200 Investment Goals and Objectives.
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## Contact

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