

ANNUAL REPORT

2018



WorkSafeNB
Annual Report 2018

Published by:
WorkSafeNB
1 Portland Street
P.O. Box 160
Saint John, N.B.
E2L 3X9 Canada

worksafenb.ca
1 800 222-9775

May 2019

ISBN: 978-1-927420-16-4
ISSN: 170-1212

Printed in New Brunswick

TABLE OF CONTENTS

Our founding principles	4
Who we are	5
Who we serve	6
Our board of directors	7
Message from our acting chairperson	8-9
Message from our president and CEO	10-11
2018 external recommendations	12
Strategic Pillars	
Drive a safety-first culture	14
Achieve effective recovery	20
Protect system sustainability	30
Build a workplace committed to superior service	40
Financial overview	44

OUR FOUNDING PRINCIPLES



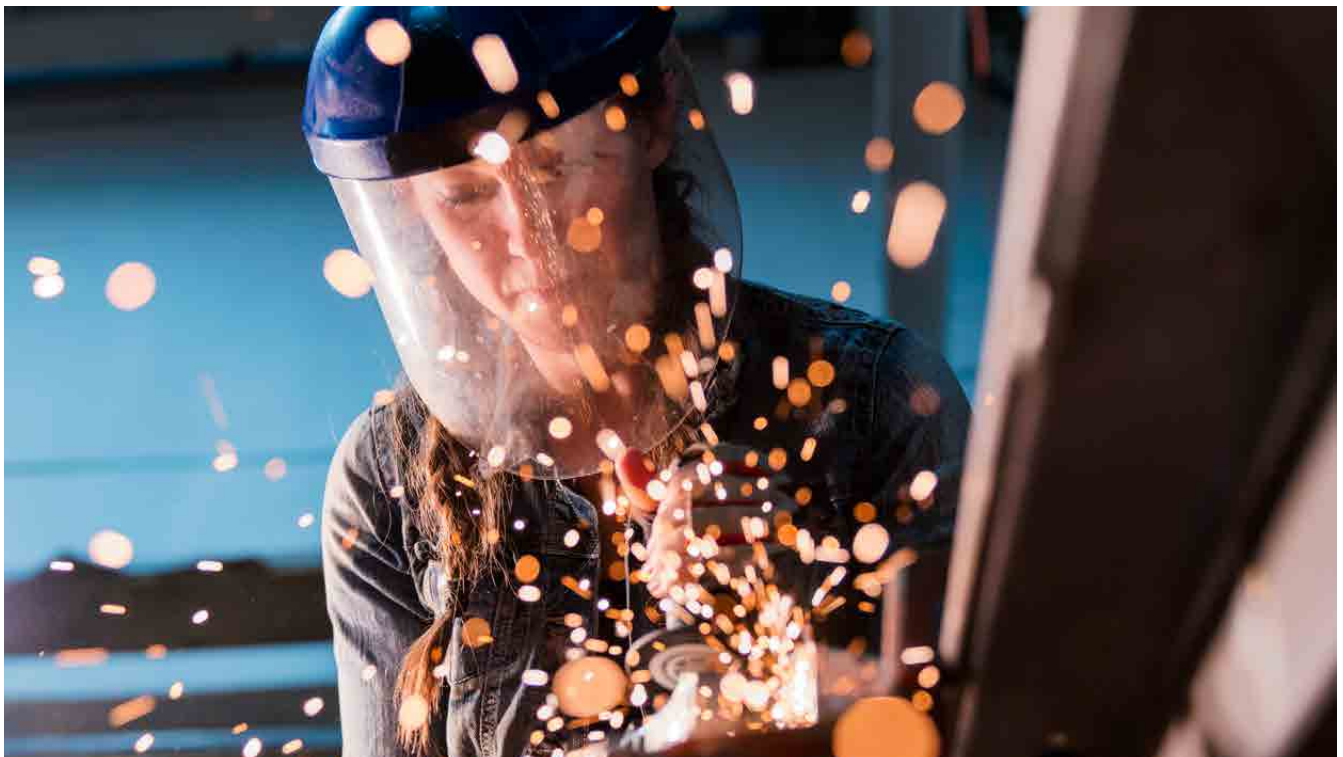
The workers' compensation system in New Brunswick is founded on the **Meredith Principles**, developed in 1913 by Sir William Meredith, a Canadian lawyer and politician.

These principles anchor workers' compensation in Canada and at their core is a simple idea: compromise. Based on the Meredith Principles, workers were eligible for benefits when a workplace injury occurred, but in exchange, employers could not be sued. These principles were adopted to form the basis of workplace injury insurance across the country, and still guide our work today.

In 1918, New Brunswick's first *Workers' Compensation Act* was proclaimed and while the work and progress in supporting injury prevention and return to work has evolved over the last 100 years, the core principles that underline and guide our work have not.

These five **MEREDITH PRINCIPLES** are the foundation for what is known as the '**HISTORIC COMPROMISE**' between workers and employers:

- 1 **No-fault compensation benefits**
- 2 **Security of benefits**
- 3 **Collective liability**
- 4 **Independent administration**
- 5 **Exclusive jurisdiction**



WHO WE ARE



We are a Crown corporation charged with overseeing the implementation and application of New Brunswick's *Occupational Health and Safety Act*; *Workers' Compensation Act*; *Workplace Health, Safety and Compensation Commission and Workers' Compensation Appeals Tribunal Act*; and, the *Firefighters' Compensation Act*.

We are committed to promoting healthy and safe workplaces for New Brunswick's workers and employers. While our priority is preventing workplace injuries and occupational disease, we provide comprehensive rehabilitation services and fair compensation benefits when these do occur.



OUR VISION

Healthy and safe workplaces and a sustainable workers' compensation system in New Brunswick.



OUR MISSION

WorkSafeNB is a partner in building a safe and healthy work environment to the workers and employers of New Brunswick and efficiently provides quality client-centred services and fair administration of the legislation.



OUR VALUES

CORE VALUE

The client is the priority.

ACCOUNTABILITY

Adhere to evidence-based disciplines, share all results, and communicate honestly and transparently.

CARING SERVICE

Create an exceptional service experience by treating clients with kindness and concern.

EXCELLENCE

Aspire to flawless execution and never take shortcuts on quality.

INNOVATION

Transform the way we work, inspiring each other to continuously improve and empowering colleagues to offer creative ideas.

INTEGRITY

Demonstrate the highest standards of professionalism, ethics and personal responsibility.

RESPECT

Treat everyone with respect – workers, their families, employers, stakeholders and our colleagues.

SAFETY

Passionately protect the safety of our clients and colleagues.

TEAMWORK

Optimize the service experience through collaboration and by leveraging the unique talents of each team member and our community partners.

WHO WE SERVE



15,000

registered employers

- 30,000 workplaces
- ≈ 80% of employers have <10 employees
- ≈ 92% of employers have < 20 employees



320,000

workers

- ≈ 5,900 claims per year where worker misses time from work due to workplace injury
- ≈ 5,300 claims per year where medical treatment required for workplace injury but no time is missed from work due to workplace injury

LARGEST SECTORS



EMPLOYER BY SIZE (PAYROLL)



3.5%
>\$2.5 M

LARGE



15.6%
>\$0.5 M

MEDIUM



80.9%
<\$0.5 M

SMALL

BOARD OF DIRECTORS



Good governance is important in guiding the future of New Brunswick's workers' compensation system. Comprised of worker and employer representatives, our board of directors is charged with WorkSafeNB's stewardship. Our board is committed to transforming WorkSafeNB to ensure a sustainable workers' compensation system that protects benefits for workers while providing value for employers. We are committed to being an occupational health and safety leader and to helping employers and workers create a safety culture in our province.



HALEY FLARO
Acting Chairperson



JAMES E.A. STANLEY
Saint John



DOUGLAS JONES
President and Chief Executive Officer



GAËTAN GUÉRETTE
Edmundston



HECTOR LOSIER
Fredericton



JULIE MARR
Quispamsis



MIKE MACMULLIN
Saint John



LUCIEN SONIER
Caraquet



DONNA MCNEILL
Fredericton



TINA SOUCY
Dieppe

TRANSPARENT AND ACCOUNTABLE STEWARDSHIP



Message from our Acting Chairperson

Looking back on the last year, I am pleased to see the strides WorkSafeNB has made and the path we have chartered to move forward. It was a challenging year, with the continued rise in claims' costs adding even more pressure on the system's sustainability, and the announcement of another significant increase to the average assessment rate. We shared our challenges with you, and listened to yours. And through it all, this approach of transparent and proactive communication and collaboration allowed us to come out the other side stronger, with a clearer vision of the work we need to do to become the high performing, client-centred organization you deserve.

External reviews of WorkSafeNB, such as those carried out in 2018 by the Ministerial Task Force and the Auditor General of New Brunswick, are exceptional opportunities to get valuable feedback from individuals outside our organization, helping us identify areas where opportunities exist and improvements are needed.

Good governance is the cornerstone of any successful organization responsible for meeting client needs while ensuring sustainability. The Auditor General's Report on WorkSafeNB's governance model provided a clear improvement path forward for our board. In 2018, as a result of this report, we have further strengthened the board's recruitment practices, our committee framework, and orientation for new members. We also continued to share board expenses and our meeting minutes on WorkSafeNB's

website as part of our commitment to being accountable and transparent to New Brunswick's workers and employers.

The WorkSafeNB board of directors, supported by a strong leadership team, spent much of 2018 working with stakeholders and government pursuing the legislative changes outlined in the Task Force Report. On behalf of the

“ A BIG SUCCESS OF 2018 WAS SECURING OUR NEW CEO AND PRESIDENT, DOUGLAS JONES. ”

board, I want to thank the Government of New Brunswick for acting swiftly to introduce and enact these amendments that benefit all New Brunswickers. As we implement the new legislation, these changes are providing our organization an opportunity to set a new direction to ensure that we are able to meet the evolving needs of our clients and those of our ever-changing system.

A big success of 2018 was securing our new president and CEO, Douglas Jones. In his short time at the helm, Mr. Jones's open and frequent conversations with key stakeholders, staff, and the media has helped build a better understanding of the challenges we face.

He has provided invaluable leadership on how to enhance our effectiveness and efficiency as an organization, and his sound decision-making has been especially critical during this transition.

In addition to Mr. Jones, in the last year we welcomed two new valued board members, Mike MacMullin and Donna McNeill, as worker representatives. These new members bring with them a wealth of experience and a passion for injury prevention. I would like to thank our outgoing board members Maureen Wallace and Michèle Caron for their dedication and service. You will both be missed.

With new leadership and well-informed recommendations to guide us, it's time to take what we've learned, recommit to the fundamentals, and dedicate 2019 to delivering increased value for you, our stakeholders. We look forward to the year ahead.

Warm regards,



Haley Flaro



HALEY FLARO
Acting Chairperson

BUILDING OUR FUTURE



Message from our CEO

In early 2018, I was honoured to be appointed by the board of directors as the new president and chief executive officer of WorkSafeNB. Building safe and healthy workplaces has been a critical cornerstone in defining success throughout much of my career in both the private and public sectors. I have seen first-hand the tragic impacts of workplace injuries on workers, families, colleagues and communities. At the same time, I have also seen the many positive impacts of a strong workplace safety culture that are not often considered, such as enhanced levels of employee engagement and retention, an improvement in worker confidence and even improved levels of productivity. WorkSafeNB touches the lives of all New Brunswickers, directly or indirectly, every day of the year. I'm excited to have the opportunity to lead WorkSafeNB in helping to make workplaces across our province safer and to contribute to our province's prosperity.

It is clear we have work to do. While New Brunswick has been among the safest of all provinces in terms of injury frequency for many years, the cost to provide benefits to injured workers has risen rapidly in recent years to become the highest of all provinces. The cost of workers' compensation claims has doubled from \$199 million in 2014, to \$400 million in 2018. During this same period, future liabilities (the funds required to pay for all future claim costs related to a current year injury) also increased by \$800 million. As a result of these skyrocketing costs, and lower than normal investment returns, the value of WorkSafeNB's Accident Fund fell to 88% of the assets required to fully fund future liabilities. In late 2018, we announced that the assessment rate for 2019 would need to increase by a staggering 72% to meet these ever rising costs. Over the past three years, costs for employers on average have risen by 139%. To any employer, this kind of cost

increase is extremely difficult to absorb and leads to very difficult business decisions.

But cost is only one side of the equation. Of critical importance is the primary focus on injury prevention and the benefits provided to any injured worker for rehabilitation and to compensate for any lost wages. Sadly, though the cost to New Brunswick employers was forecast to be the highest in the country, other provinces were demonstrating that better benefits for injured workers could be provided at lower costs. We are determined to see what we can learn from these other jurisdictions as we consider how to build the best workers' compensation system possible.

In early 2017, the government created a Task Force to address the concerns of rising premiums for businesses and sustainable benefits for workers. Also in 2017, the government asked the Auditor General to conduct an audit of WorkSafeNB. Both the Report of the Task Force on WorkSafeNB and the Auditor General's Report on WorkSafeNB Phase 1 were released in 2018. We are grateful to our stakeholders who shared their perspectives and experiences to inform these reports. It is encouraging to see so many people who care about the quality and sustainability of the system as much as we do. We have listened, we value your feedback, and we are committed to acting on the recommendations. As a new CEO, I couldn't ask for better analyses and recommendations to help guide our short-term actions and long-term strategies.

Over the past year, I followed through on a personal commitment to meet with all employees as soon as possible. What I found was a group of talented, highly passionate colleagues from all over the province with grit, resolve, and intelligence. They knew that we needed to change how we operate.

I was convinced that they were up for the challenge. With the Task Force report and the Auditor General report as a background, and with the support and guidance of the board of directors, the WorkSafeNB team embarked on the development of a new Strategic Plan that would guide us for the next three to four years. This Strategic Plan focused on four main pillars:

- 1. DRIVE A SAFETY-FIRST CULTURE**
- 2. ACHIEVE EFFECTIVE RECOVERY**
- 3. PROTECT SYSTEM SUSTAINABILITY**
- 4. BUILD A WORKPLACE COMMITTED TO SUPERIOR SERVICE**

Following the release of the Task Force report in July, we met with stakeholders representing workers and employers, as well as members of all political parties to outline the priority changes we felt were necessary to stabilize New Brunswick's workers' compensation system. Thankfully, the government quickly passed legislative amendments addressing several of the key Task Force recommendations. We were very appreciative of the unanimous support from all parties that enabled passage of the bill in record time. These key changes benefit both workers and employers, including improvements in organizational governance, the elimination of a three-day unpaid waiting period for workers and clarification that workers' compensation applies to injuries and/or diseases that occur solely in the course of employment.

We understand that we must transform our organization to ensure we can better meet the needs of New Brunswickers today and into the future – one that offers optimal care for injured workers to help them recover and return to work as soon as safely possible and that meets the health and safety needs of employers, both small and large.

I am proud of the team at WorkSafeNB who have worked so diligently to implement the recent changes in legislation and recommendations. Their commitment and passion throughout this time of significant

change is what continues to fuel our momentum to transform our organization and build our future, together. I would also like to thank the board of directors for their support and guidance throughout this past year; they have been essential in helping us move forward with clarity of purpose, all the while being accountable to you, our valued stakeholders.

I look to 2019 with promise. We have much work to do, and there are many challenges – but lying in front of us is an incredible opportunity. I am more motivated than ever about what the future holds for WorkSafeNB, and for our province.

Regards,



Douglas Jones



DOUGLAS JONES
President & CEO

2018 EXTERNAL RECOMMENDATIONS

BACKGROUND

At the request of the Minister of Post-Secondary Education, Training and Labour, a Ministerial Task Force was appointed in May 2017 to review WorkSafeNB and provide recommendations to government focused on identifying short-term solutions to increasing costs and establish a path forward that ensures the workers' compensation system is transparent, accountable and sustainable in the long-term. The Task Force, comprised of worker and employer representatives, hosted a series of consultations throughout the province to hear from various stakeholders.

The Task Force released their report comprised of 28 recommendations in July 2018.

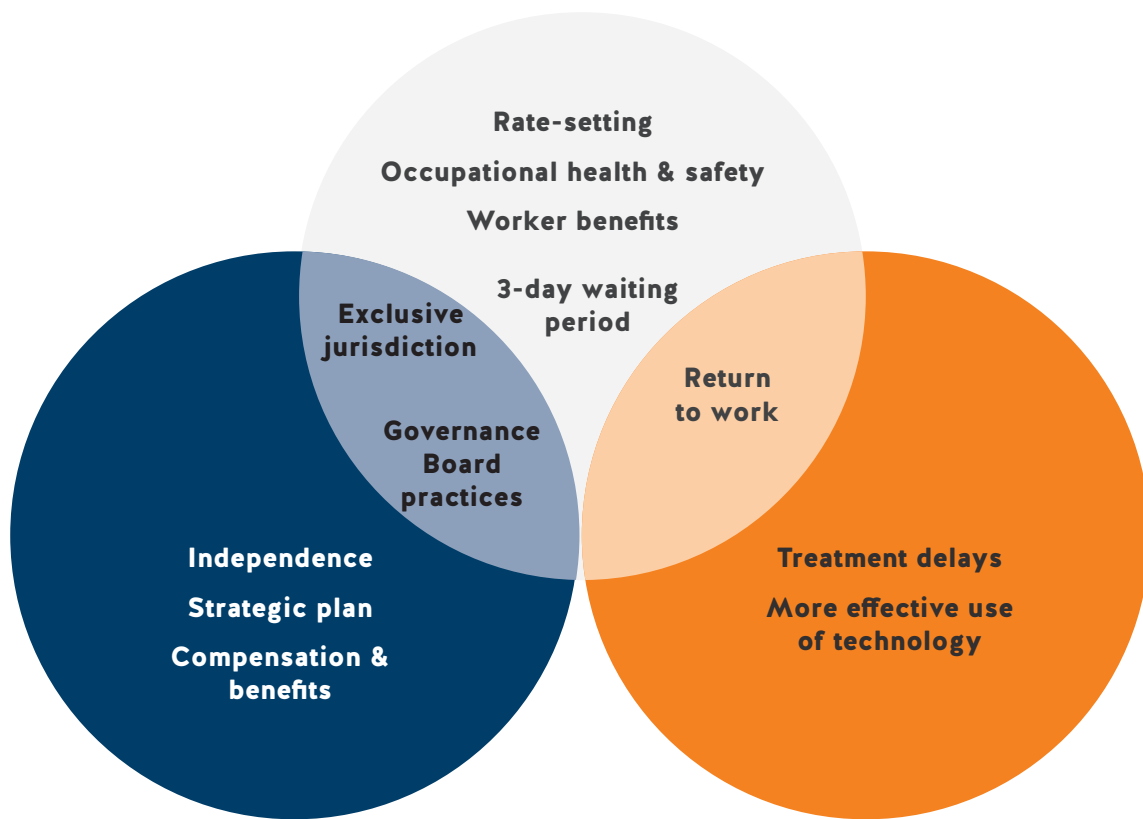
In 2017, at the request of the Minister of Post-Secondary Education, Training and Labour, the Auditor General initiated a value-for-money audit of WorkSafeNB. The Auditor General and their team worked over the better part of 2018, reviewing WorkSafeNB documents, policies and processes, working with WorkSafeNB staff at all levels, the Department of Post-Secondary Education, Training and Labour, and conducting interviews with various stakeholders including WorkSafeNB clients. The results of this thorough audit were released in two phases and included a series of recommendations for WorkSafeNB.



FOCUS AREAS

All recommendations put forward by the Ministerial Task Force and the Auditor General work to support one another and align with our strategic plan for 2019-21.

MINISTERIAL TASK FORCE



AUDITOR GENERAL PHASE I

AUDITOR GENERAL PHASE II

<https://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2018V1/Agrepe.pdf>
<https://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2018V2/Agrepe.pdf>
https://www2.gnb.ca/content/dam/gnb/Departments/eco-bce/Promo/taskforce_review_worksafenb/WorkSafeNBTaskForceReportE.pdf

DRIVE A SAFETY-FIRST CULTURE



Leading health and safety prevention initiatives to keep New Brunswickers healthy and safe.

Our ultimate priority is keeping New Brunswick workers safe at work so they can return home safely every day. We do this through: awareness building; facilitating education of the *Occupational Health and Safety (OHS) Act*; identifying gaps in health and safety procedures; and, referring employers to support services, all the while demonstrating and fostering safety leadership behaviours. We also focus on ensuring compliance through workplace inspections and partnering with workplaces to find solutions when health and safety hazards and risks are identified.



The commercials from our *Workplace Injuries Hurt the Most at Home* campaign reinforce our injury prevention focus through social marketing, building on our previous *Careful* campaign. Both series of ads serve to remind us that there's more than our own health and safety at stake – workplace injuries hurt those we love, as well.

In 2018, we introduced a new role dedicated to health and safety prevention and education, vice-president of prevention services.

Collaboration and working closely with partners were central to our prevention success in 2018 – we partnered with our Atlantic counterparts to launch the *Workplace Injuries Hurt the Most at Home* campaign, aimed at reminding workers of the impacts that workplace injuries have on your home life and family. We also worked with other jurisdictions in Canada to simplify workers' compensation systems for stakeholders doing business in other provinces.

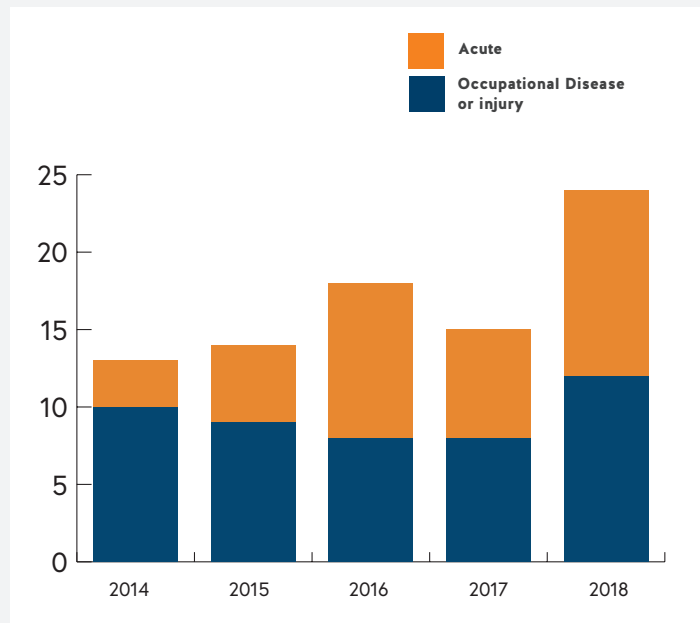
In addition to our regular educational offerings, we provided supervisor health and safety training to 365 supervisors, in partnership with the Province of New Brunswick. We also partnered with New Brunswick Community College and Collège Communautaire du Nouveau-Brunswick to provide a health and safety mentorship program for community college students.

Engaging with our stakeholders is critical to achieving our goals. In the fall we hosted our annual Health and Safety Conference, the province's largest event focused on educating workers and employers on health and safety and compensation. The event drew more than 600 participants from all types of industries who attended a wide variety of workshops and plenaries focused on general health and safety topics. We also hosted our first Executive Leadership Forum, attended by more than 50 senior executives from across the province. The forum focused on supporting a safety leadership culture and featured a number of knowledgeable speakers. We are looking forward to making this an annual event.



FATALITIES

In 2018, 24 New Brunswick workers died. Twelve of the fatalities reported were related to occupational diseases incurred before 2018, and the other 12 were a result of accidents occurring in 2018. Of the 12 fatalities occurring in 2018, five were a result of motor vehicle accidents, while another two were related to the particularly tragic fatality of two Fredericton police officers who were killed in the line of duty. Workplace fatalities do not discriminate based on employer size. Of the 12 acute fatalities in 2018, six occurred at medium-size employers, three at large employers, and another three at self-insured workplaces.



Every fatality is one too many and we continue to work for a New Brunswick free of workplace accidents and disease.

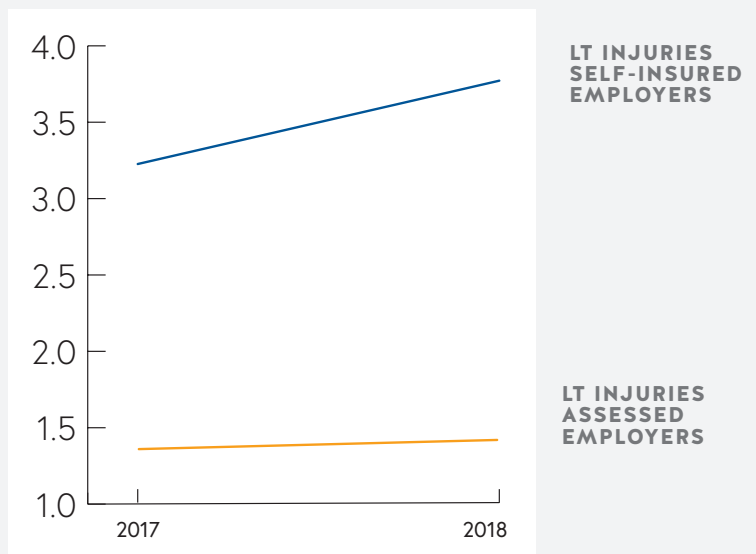


SAFETY

One of the most concrete indicators of how safe New Brunswick workplaces are is the rate of injuries year over year. Over the last five years, the lost-time injury frequency for assessed employers has increased by 3%, while the rate for self-insured employers has increased by nearly 16%. This is very concerning and we are exploring all options in an effort to reverse this trend.

In 2017, provincial lost-time injury frequencies throughout Canada ranged from a low of 1.09 up to a high of 2.82. In 2018, New Brunswick had an injury frequency of 1.71 per 100 FTE for all employers, which includes a frequency of 3.68 for self-insured employers and 1.42 for assessed employers.

New Brunswick lost-time (LT) injury frequency per 100 FTE



The typical time-loss claim is no longer the traditional injury from the past, such as a broken bone or fracture. It is most likely a soft-tissue injury, caused by lifting or perhaps even moving another person in the process of caring for them. And, it's also increasingly likely to not be purely physical – more and more often, there are other factors related to mental health that need to be considered.



OCCUPATIONAL HEALTH AND SAFETY CULTURE INDEX

Tracking the workplace health and safety perceptions of workers and employers helps us understand New Brunswick's current health and safety culture. To track this, through a series of questions we asked employers and workers to what degree they believe their workplace has a safe work culture.

The gap between workers and employers who believe their workplace has a strong safety culture is significant. While 2018 results show slight improvement, we must continue our safety leadership and education efforts with both groups, especially our workers, to ensure safety culture is embedded in all workplaces.

	2018
 INJURED WORKER	75.5%
 EMPLOYER	90.3%

COMPLIANCE

We conducted 761 investigations in the past year, 39 of which were for serious accidents such as fatalities, fractures and any injury requiring hospital admission as an in-patient.

In 2018, 14 prosecutions related to health and safety violations were completed for a total of \$143,300 in fines.

2018

BY THE NUMBERS



NUMBER OF ORDERS WRITTEN

6,482



NUMBER OF SERIOUS ACCIDENT INVESTIGATIONS

39



ALL OTHER ACCIDENT INVESTIGATIONS

722



NUMBER OF INSPECTIONS

8,022

OUR PEOPLE



JACKIE

As a WorkSafeNB health and safety officer, Jackie inspects, investigates and partners with New Brunswick businesses to ensure OHS standards are being met by the workplace, ensuring a safe and healthy place of employment for workers.



JESSICA

If you've attended one of our youth conferences or safety days, you've likely met Jessica, our business and community engagement co-ordinator. She can often be seen hanging out with our youth mascot, Stella the Safety Skunk, as she helps prepare the next generation of workers to work safely.

FEATURED EMPLOYER

BUILDING A CULTURE OF SAFETY - MARITIME DOOR & WINDOW



“ IT CHANGED PEOPLE’S INTERPRETATION OF WHAT SAFETY WAS, IT CHANGED THE CONVERSATION AROUND SAFETY, IT CHANGED THE COMMUNICATION, AND WE GOT TO THE ASPIRATIONAL GOAL OF MAKING SAFETY PART OF THE COMPANY’S DNA. ”

MIKE MANN



Maritime Door & Window had a safety problem. They were following safety rules and regulations but their culture was focused on compliance, not on being proactive about safety.

Their recent loss history was outside industry norms and they weren't happy with the resulting higher premiums and the working environment.

"We knew we needed to do something. But how do we tackle it? We contacted WorkSafeNB," said Mike Mann, CEO and owner of Maritime Door & Window.

Together, our prevention team worked with Maritime Door & Window with the goal of making safety part of their organization's DNA. The undertaking focused on three areas: safety infrastructure, musculoskeletal injury (MSI) prevention and safety leadership.

- We performed a gap analysis of their safety program and an analysis of their injury details to develop and implement an action plan to proactively address safety exposures. The plan was supported by pre- and post-intervention surveys to track success.
- A WorkSafeNB ergonomic consultant met with the Maritime Door & Window team and provided education on various preventive measures to avoid repetitive strain and other musculoskeletal injuries.
- Maritime Door & Window was one of seven New Brunswick employers to participate in our SafeAlign Leadership Development project, a pilot presented in partnership with DEKRA Insights, focused on developing safety leadership to create a safety culture across the province – one employer, one CEO at a time.

Some of Mike's take-aways as a leader were to increase safety interactions with team members, to recognize positive safety behaviours, to encourage his team to report near misses, and to identify hazards. He also hosts occasional employee appreciation weeks.



"We're ecstatic with the results. It changed the conversation around safety, it changed the communication, and we got to the aspirational goal of making safety part of the company's DNA," Mann said. "I knew safety had really become part of our culture when I overheard a new hire and a trainer preparing a window to be shipped. The new hire asked, 'Why are we spending so much time on how we move a window?' The response from the trainer, 'Safety is just the way we do things around here.' "

Underlining all these initiatives and progress was the valuable role of communications. The strategies learned and implemented led to better communications with a number of different staff groups in the building.

"We have a thriving safety culture with two-way communications and we keep doing a better job at it. It's paid a lot of dividends, not just on safety," he said.

Stories like this one are why we love doing what we do. Maritime Door & Window and other employers we have worked with in the last year know that investing in safety leadership provides good business results and helps employees feel valued and actively engaged in supporting a safety culture. Everyone has a role to play in keeping people healthy and safe at work.

ACHIEVE EFFECTIVE RECOVERY



Effectively and efficiently tapping into all available health care resources when rehabilitation is necessary, so that injured workers can safely return to work as soon as possible.

While our goal is to prevent workplace injuries from occurring, when they do occur it is our job to help that worker recover from their injury, and assist in a safe return to work as early as possible. Effective return-to-work (RTW) practices and appropriate and timely medical care are fundamental to getting workers back to the job safely after an illness or injury.

We know that work is part of recovery and that it supports wellness and healing. We connect workers to a care network that includes medical specialists to ensure they get the timely treatment and support they need. Our recovery philosophy is focused on what a worker can do – not on what a worker can't do.

Finding new ways to meet each worker's recovery needs was a priority for us in 2018.

In 2018, we focused on better understanding where there were inefficiencies in our processes and we identified improvements to help us work smarter and faster. This allowed us to reduce the time to adjudicate claims by three days, getting clients to treatment faster and receiving wage-loss benefits sooner. We also implemented a triage criterion to adjudicate our back and shoulder programs to allow clients quicker access to these treatments.

We've known that WorkSafeNB's Rehabilitation Centre (WRC) makes a difference in the lives of workers who attend the centre and work with our multidisciplinary teams, but we have struggled with long wait times. In 2018, we reduced the wait time for clients referred to the WRC from 44 days to 10 days. We accomplished this by focusing and streamlining our case management, clinical

and admission practices. Now, more clients can quickly access the rehabilitation benefits available at the WRC.

Direct referral to physiotherapy is one strategy that can increase a worker's recovery. In 2018, we increased the number of employers who participated in the program, allowing them to send employees directly for physiotherapy treatment even before WorkSafeNB adjudicates the claim. We are looking to expand the reach of this program to more employers in 2019.

Despite these achievements, we still have work to do to address increasing claim duration and in supporting our workers in returning to work. Being off work for extended periods of time, like we have seen with our longer lost-time claims, is not good for the worker, their family, employer or the economy of the province. Knowing how beneficial work is for recovery, we are continually working to improve our return to work outcomes and decrease claim durations.



We are always seeking out the best medical aid to facilitate recovery for our clients. In 2018, we revised our opioids policy to align with the newest best practices and with the safety of our clients in mind. We were also the first Canadian workers' compensation board to implement a medical cannabis policy.

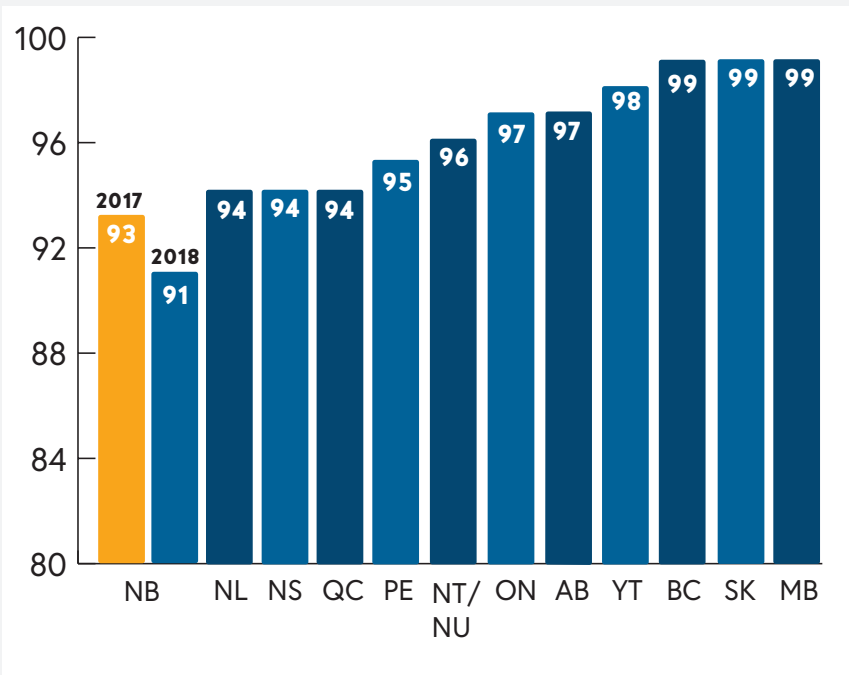


NEW BRUNSWICK WORKERS RETURNED TO WORK AT 2 YEARS

We are dedicated to continually improving our service and clients' recovery outcomes, as such we are always comparing against ourselves to see how we are doing. We have seen a steady decrease in the number of clients returning to work since 2015, and we are committed to improving our outcomes to see more workers returning to work sooner.

To inform our benchmarks and to get a broader gauge on how we are doing, we look to see how we compare to other jurisdictions. Compared to our 91% of workers returned to work after two years, British Columbia, Manitoba and Saskatchewan are all best in class with 99% of workers returned to work after two years – an ambitious benchmark we are striving to match.

Our return to work outcomes were impacted by unintended consequences of changes to legislation in 2015. We are pleased that the Government of New Brunswick amended related legislation in December 2018 and we expect to see this pattern reversed in coming years.



Source: Association of Workers' Compensation Boards of Canada Detailed Key Statistical Measures (KSM) Report - 2017



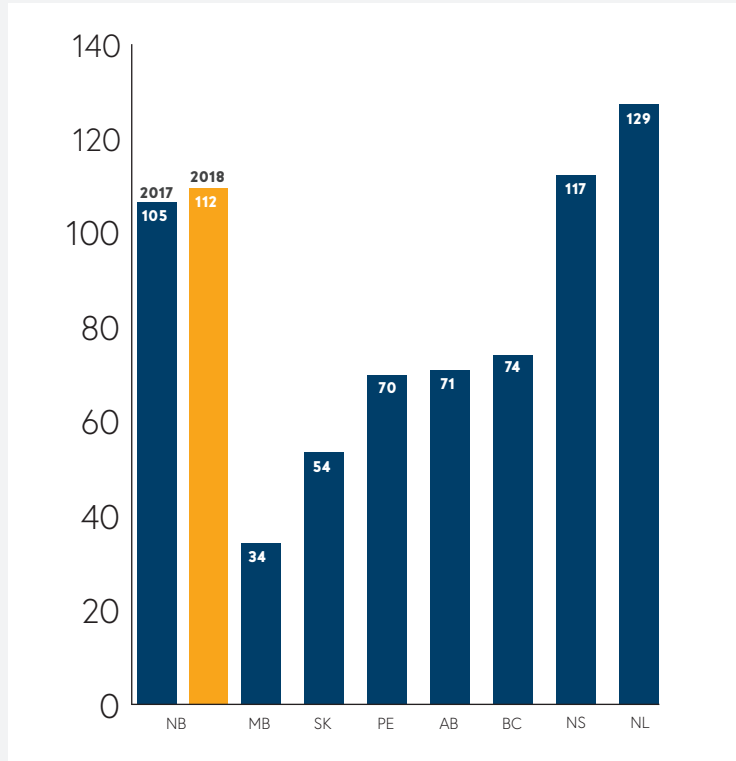
Research is now clear that recovering while at work is the healthiest option for most people with work-related injuries.



CLAIM DURATION

We have seen a continual increase in closed claim duration since 2015. There is much room for improvement when it comes to shortening the duration of our claims. In 2018, our closed claims averaged 112 days. In 2017, the best in class was approximately 34 days, with Manitoba having an average closed claim duration of 34.26 days.

We need the full commitment from all parties (workers, employers, medical professionals and WorkSafeNB) to reverse this trend and move New Brunswick to among the best in class in return to work outcomes.



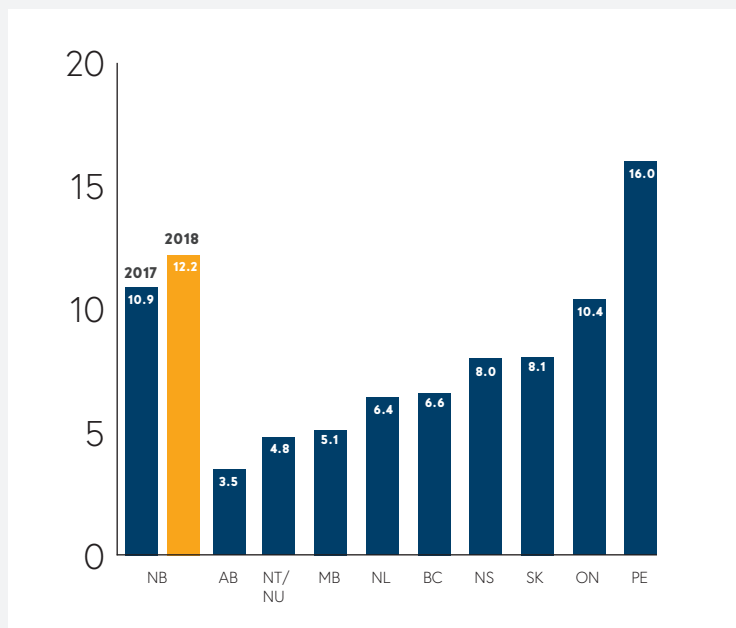
Source: Association of Workers' Compensation Boards of Canada Detailed Key Statistical Measures (KSM) Report - 2017



TIME FROM WORKPLACE INJURY TO CLAIM REGISTRATION

Fast access to treatment and rehabilitation is a priority in ensuring recovery. Getting injured workers connected to the treatment and supports they need requires employers, workers and the medical community to notify us and provide necessary information as quickly as possible. We are looking at how we can support all stakeholders in being more diligent in their reporting for the benefit of the injured worker and their recovery.

In 2017, Alberta was best in class, with only 3.5 days lapsed between the workplace injury and registration of the claim.

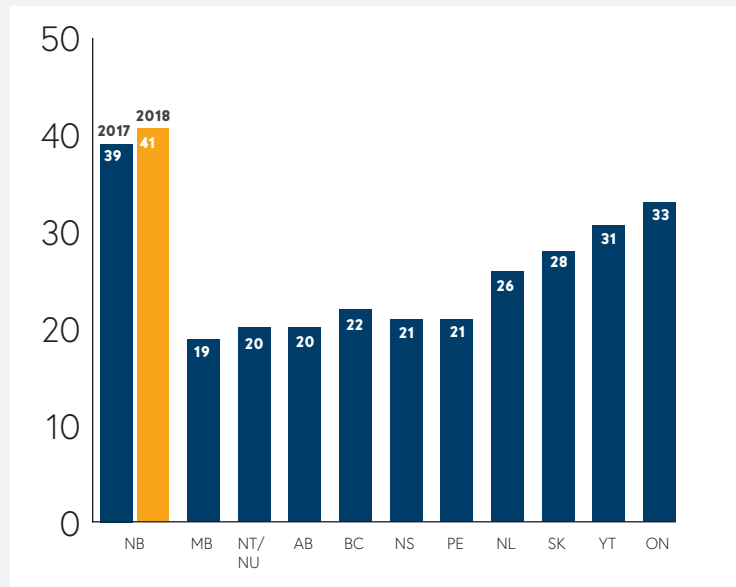


Source: Association of Workers' Compensation Boards of Canada Detailed Key Statistical Measures (KSM) Report - 2017



TIME FROM CLAIM REGISTRATION TO FIRST PAYMENT

When someone is hurt at work, many new stressors enter their lives – one of those is concern over their financial security. Connecting injured workers to their wage-loss benefits in a timely manner is important in helping to alleviate this worry, allowing them to focus on their recovery. In recent years we have seen an increase in the time it takes to receive payment. This is partially caused by delays in adjudication. A revision of our adjudication process is planned for 2019. When looking at best in class for 2017, Manitoba had the shortest time from claim registration to first payment among all jurisdictions – 19 days.



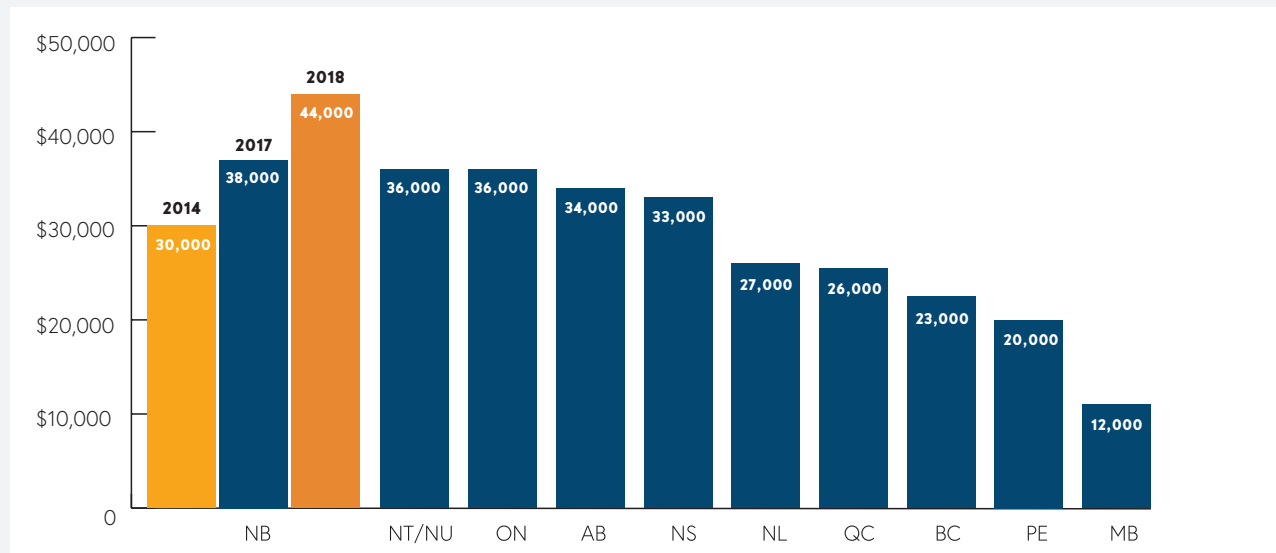
Source: Association of Workers' Compensation Boards of Canada Detailed Key Statistical Measures (KSM) Report - 2017

AVERAGE BENEFIT COST PER LOST-TIME CLAIMS

As claims are lasting longer, their costs are also increasing. In 2018, our average cost per lost-time claim rose to **\$44,344**, from **\$37,884** in 2017.

The data below demonstrates the average benefit costs per lost-time claim in thousands of dollars for each jurisdiction in 2017. New Brunswick has the highest claim costs in Canada. We anticipate the average claim costs to decrease, thanks to the recent first phase of legislative amendments, with more amendments expected in 2019.

Following legislative change in 2015, we saw a significant increase in our average benefit costs. From 2014-2018, the average claim cost increased by 48%.



Source: Association of Workers' Compensation Boards of Canada Detailed Key Statistical Measures (KSM) Report - 2017

Staying active, productive, and connected to the workplace can help injured workers recover faster. Often, the most successful return-to-work plans involve the worker remaining at work or losing as little time away from work as possible. Helping an injured worker return-to-work is also good for business. It can lower claims costs and lead to lower assessment rates. We know the benefits of early and safe return to work, but our statistics clearly demonstrate that there are many opportunities for improvement in this area.

To move the needle, we are targeting the time it takes us to adjudicate a claim – how can we help workers and employers report the injury and complete the necessary forms as quickly as possible. Once we receive the necessary information, we must find a way to expedite our decision-making process to ensure access to treatment is not delayed. And we know that it is not only access to the right treatment that is critical, but treatment at the right time by the right provider. To remove these rehabilitation barriers, we must work closely with the medical community.

We must also work hand-in-hand with employers to help support modified duties and develop gradual return to work programs for workers as part of their recovery.

While the challenge is great, fortunately, some of our counterparts have forged a path forward for us to follow. One key difference between New Brunswick and provinces with best-in-class return-to-work outcomes is legislation that clearly outlines return to work obligations and provides incentives to comply. This legislated duty to accommodate requires employers to accommodate, and support a worker's return-to-work program, and may include modifications to job tasks, reduced hours during recovery, or using technology to help complete tasks. Workers are equally responsible for their successful return-to-work with clear expectations outlined in legislation. This legislative obligation for both employers and worker incentivizes return to work, and enhances outcomes for employers and workers, and helps foster a healthy workforce and prosperous economy.



BENEFITS COMPARISON ACROSS CANADA

Our initial research indicates that it is possible to provide generous benefits for injured workers while maintaining low assessment rates for employers. Learning more about our counterparts' legislation, processes and policies can inform the solutions WorkSafeNB implements as we strive to improve the workers' compensation system for the workers and employers of New Brunswick.

Jurisdiction	2018 Maximum insurable earnings	CPI coverage (indexing of benefits)*	% of earnings benefits (net tax)	2017 Claim duration (days)	2018 Assessment rate
BC	\$82,700	1.4%	90%	74	\$1.55
AB	no cap	1.2%	90%	71	\$1.02
SK	\$82,627	3.9%	90%	54	\$1.19
MB	\$127,000	2.7%	90%	34	\$0.95
ON	\$90,300	2.3%	85%	N/A	\$2.35
QC	\$74,000	1.5%	90%	N/A	\$1.79
NB	\$63,600	1.9%	85%	105	\$1.70
NL	\$64,375	1.9%	80%	129	\$1.90
NS	\$59,800	1.1%	75% <i>(1st 26 weeks)</i> 85% <i>(after 26 weeks)</i>	117	\$2.65
PE	\$53,400	1.1%	85%	70	\$1.60

*CPI figures were calculated using data available; not all indexing may reflect latest figures.

YOU CAN'T KEEP A GOOD WOMAN DOWN

Ernestine loves her job and the laughs, teamwork and support that come with it. But after more than 12 years of nesting the telephone handset between her head and shoulder while booking registrations, training and apprenticeships for International Brotherhood of Boilermakers Lodge 73, her body was saying enough is enough. She started experiencing progressive nerve pain and cramping. “I should have had a headset before this happened,” Ernestine said, “but at the time, you don’t think about it, you easily dismiss the small signs that your body is uncomfortable.”

The pain became so severe that it extended down through her shoulder and arm into her fingers. A visit to a specialist was required, but after trying physiotherapy and steroids with no relief, surgery was ultimately recommended.

Ernestine continued to work until days before her surgery, which she underwent in October 2018. She spent three months in recovery. Her specialist then recommended a gradual return to work, and with the help of WorkSafeNB and her employer, Ernestine returned to the work she loves.

“It felt really good to be back,” Ernestine said.

Ernestine didn’t know what to expect from WorkSafeNB when she reached out for support. “I was totally amazed by the compassion. My case worker met all my needs, answered all my concerns, and was knowledgeable of my progress and recovery.”

Our case managers are central to the care that we provide. It is a difficult but rewarding job. “Working with Ernestine was really motivating. She loves her job and is committed to returning to work as soon as her body lets her,” said Cindy Phinney, her case manager. “My role is to support and guide her through her recovery, whatever that looks like; arranging home care support or taking care of her travel to and from specialist appointments.”

Having a valued and dedicated employee such as Ernestine return to work was important for her employer, David Noel. “The focus was on Ernestine’s health and making sure that she was well enough to work,” he said. “WorkSafeNB helped guide us through the process of her gradual return to work, with an assessment of her workplace, and some new tools to help her work more comfortably.”

“**THE FOCUS WAS ON ERNESTINE’S HEALTH AND MAKING SURE THAT SHE WAS WELL ENOUGH TO WORK.**”

DAVID NOEL

Part of Ernestine’s gradual return to work program included a full ergonomic assessment of her workplace. Even though the surgery had alleviated her pain, it was important to prevent other repetitive strain injuries. Ernestine was provided with tools and adjustments to help reduce the repetitive strain she would be exposed to.

We caught up with Ernestine in 2019, and she is now back at work full-time with International Brotherhood of Boilermakers Lodge 73.







OUR PEOPLE



KRISTA

Krista started off with WorkSafeNB as a physiotherapist. She's now helping injured workers with a safe and early return to work as a case manager in our southwest region.



ANKONA

Reporting to the chief medical officer, Dr. Ankona Banerjee, helps develop, implement, and evaluate medical programs and services delivered by external health care providers including physicians, chiropractic, acupuncture, massage therapy and others, when identified.

PROTECT SYSTEM SUSTAINABILITY



Ensuring we provide services and benefits that are fair, accessible, transparent and fiscally responsible.

We are dedicated to building a strong, stable, and sustainable workers' compensation system that serves New Brunswick's workers and employers today and in the years to come. We diligently work to avoid an unfunded liability to ensure worker benefits are protected and employer assessment rates are stable and competitive with other provinces.

Fortunately, with new legislation implemented in late 2018, we are better positioned to decrease our costs and align with other Canadian jurisdictions without impacting benefits for an at-work injury.

These legislative changes were also positive news for New Brunswick's workers. Over 25 years ago, an unpaid waiting period was introduced whereby an employee who suffered a work-related injury was not eligible for compensation for the first three days of the claim. The new legislation repeals that provision in stages, with the initial elimination of one unpaid day effective July 1, 2019 and the complete elimination of the unpaid waiting period by July 1, 2021.

Responding to new legislation, staff initiated significant policy revisions in 2018 that will enable a better balanced system, with a clear focus on supporting injuries that are work-related, including occupational hearing loss.

Implementing the remaining recommendations put forward in the Ministerial Task Force report and by the Auditor General should further contribute to our ability to better manage the cost trends.

Our increased presence at Workers' Compensation Appeals Tribunal decisions has been effective in building awareness of our decision-making process and ensuring that our decisions are focused on work-related injuries.

In 2018, we started looking at our rate-setting process to see how we can improve our current model to further support safe work practices and encourage a better understanding of the rate components, its impact and how each component is managed. Additionally, we will continue our stakeholder sessions, which have been helpful in sharing this information as well as developing an understanding of the workers' compensation system.

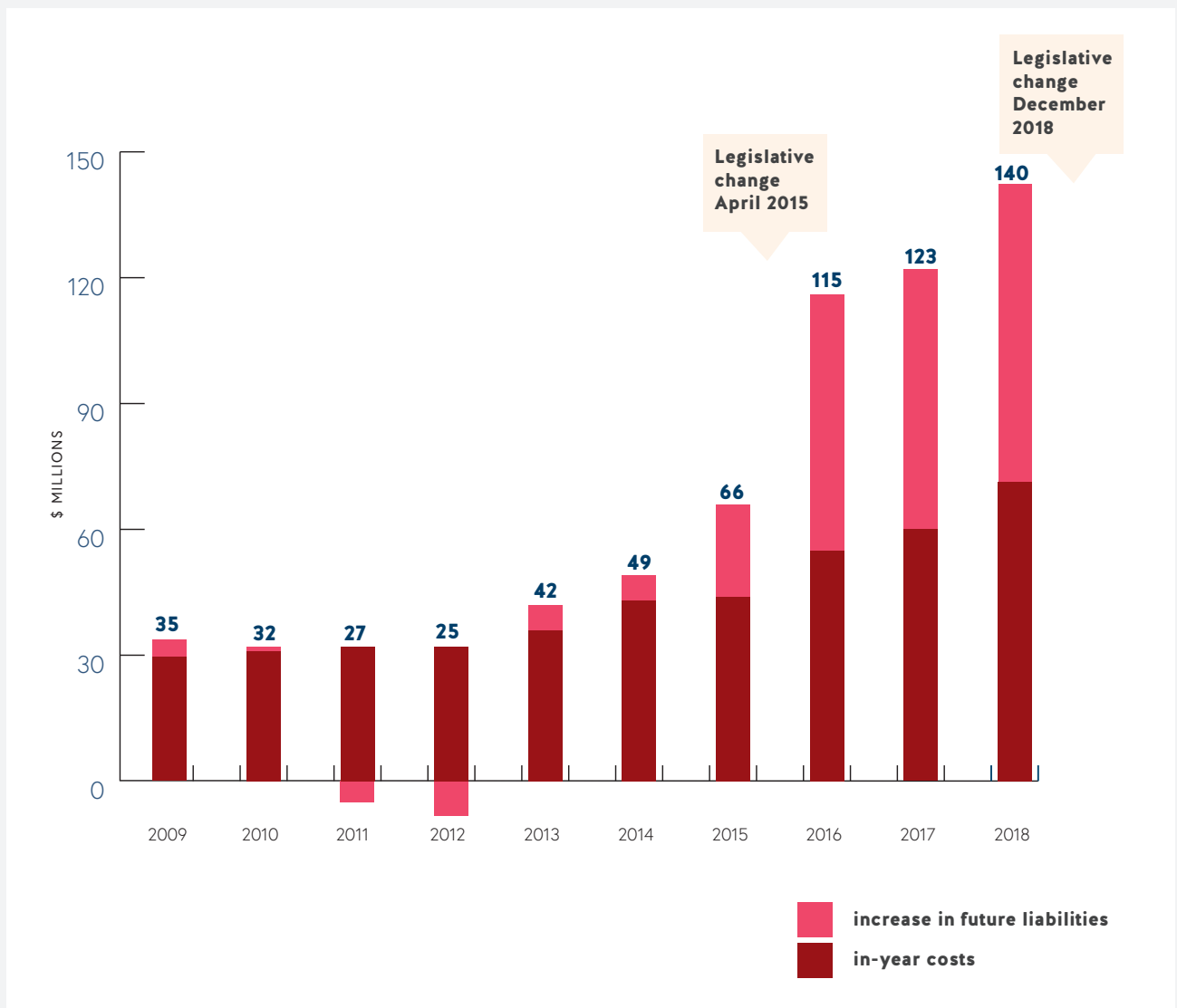
We are also looking at all our internal processes for efficiencies and cost savings. In 2018, we started investing in upgrades that resulted in efficiencies in productivity and performance, and these will continue in the following years.

We also focused on reducing risks related to overpayments. Being able to effectively identify, track and action on overpayments within the two-year statute is important. In 2018, we assigned a special team to review the processes and identify a new recovery plan to ensure that we action overpayments early and collect them quickly.

COST DRIVERS

BENEFIT COSTS AND REVENUE - SELF-INSURED EMPLOYERS (MOSTLY PUBLIC SECTOR)

Self-insured employers, primarily government, are not assessed employers. They pay the actual cost of compensation paid to their workers as well as for medical and rehabilitation costs. They also pay an administration fee.



WorkSafeNB is working with self-insured employers to protect workers, better encourage return to work practices and minimize this cost pressure.

BENEFIT COSTS AND REVENUE - ASSESSED EMPLOYERS (MOSTLY PRIVATE SECTOR)

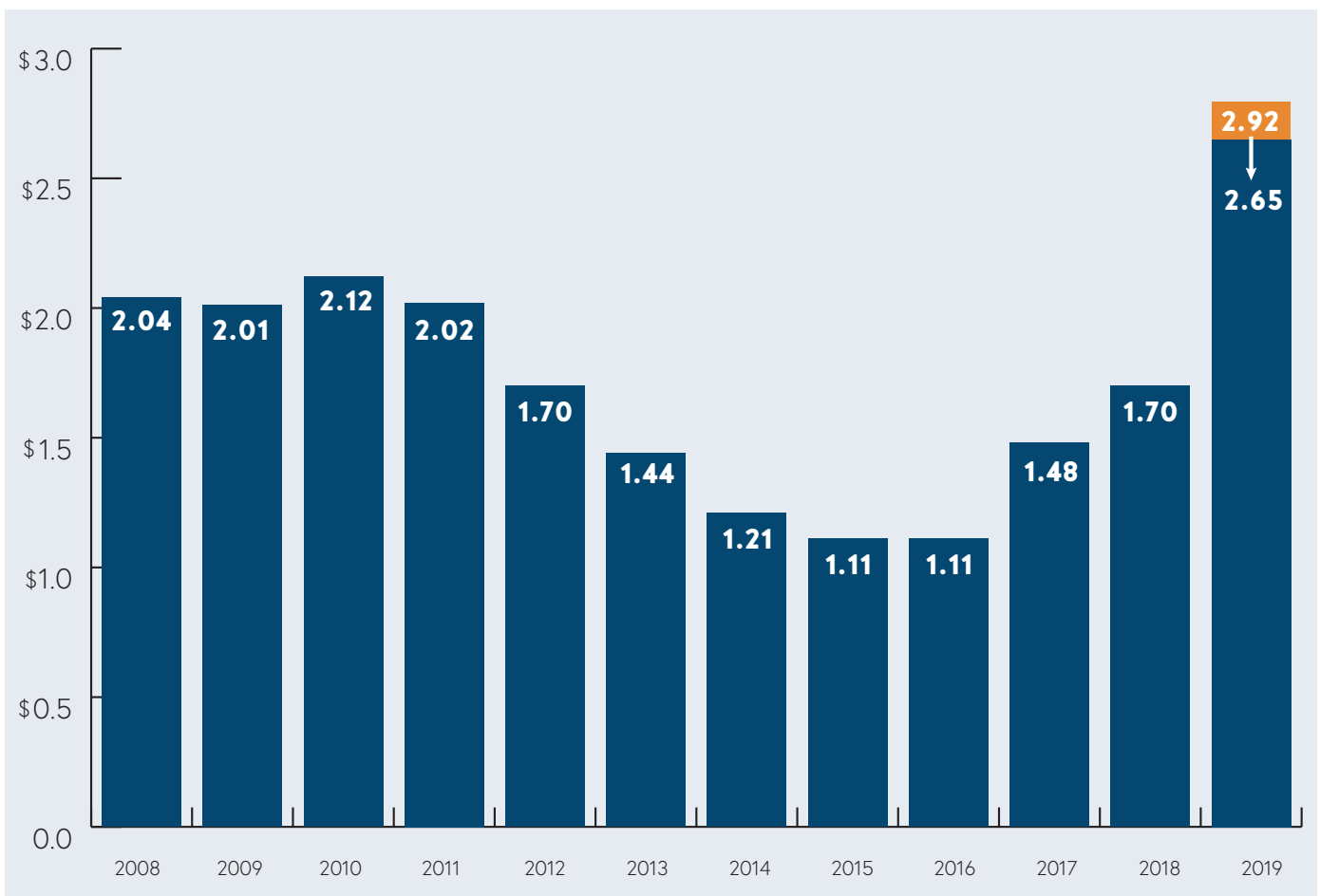
The chart below demonstrates the fluctuations in costs versus revenue in the last decade. While revenue outpaced costs from 2009-2014 by \$338 million, in 2015 our costs quickly outmatched both the revenue from premiums as well as our investment revenue leading us to have expenses exceed income by \$635 million.





ASSESSMENT RATES

Despite the cost increases starting in 2015, our high return on investments allowed us to offset the increasing costs while claim costs began to rise. Due to legislative amendments in late 2018, we were able to reduce the 2019 average assessment rate from \$2.92 to \$2.65.



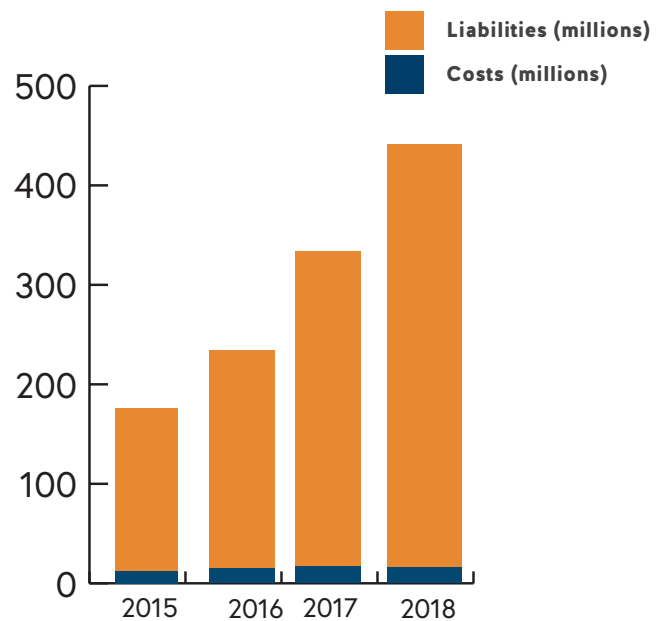
We are committed to reviewing our rate-setting model. In 2019 we will be consulting with our stakeholders with the aim of implementing a new model in 2021.

HEARING LOSS

In 2018, we spent, on average, \$1 million per month in hearing-loss claims alone. By the end of the year, hearing loss claims represented \$424 million in liabilities. New Brunswick has a three to four times higher claim rate than other Canadian jurisdictions. Legislative amendments in December 2018 will position WorkSafeNB to better manage hearing-loss related costs by ensuring that benefits are provided only for noise-induced hearing losses incurred in the course of employment.

The number of hearing-loss claims in New Brunswick has been rising dramatically in the past decade. For example, in 2010 we accepted 822 hearing-loss claims whereas in 2018, we accepted 2,312 hearing-loss claims.

Hearing-loss costs and liabilities



We diligently work to avoid an unfunded liability to ensure worker benefits are protected and employer assessment rates are stable and competitive with other provinces.







FUNDING LEVEL

Our management of the funds collected from employers and our investments is key to safeguarding the future of the workers' compensation system.

Between 2014 and 2018, while our liabilities increased by \$800 million, due to strong investment performance, and an increase in rates, our assets increased by \$200 million. As a result, our funding position decreased by \$600 million (rather than \$800 million) by 2018.

We expect recent changes to legislation and internal process improvements to improve our balance sheet in 2019 onward.

	2014 (\$ millions)	2015 (\$ millions)	2016 (\$ millions)	2017 (\$ millions)	2018 (\$ millions)
Assets	\$1,521	\$1,520	\$1,594	\$1,709	\$1,709
Liabilities	\$1,108	\$1,234	\$1,422	\$1,671	\$1,943
Funding Level	137%	123%	112%	102%	88%



INVESTMENT PERFORMANCE

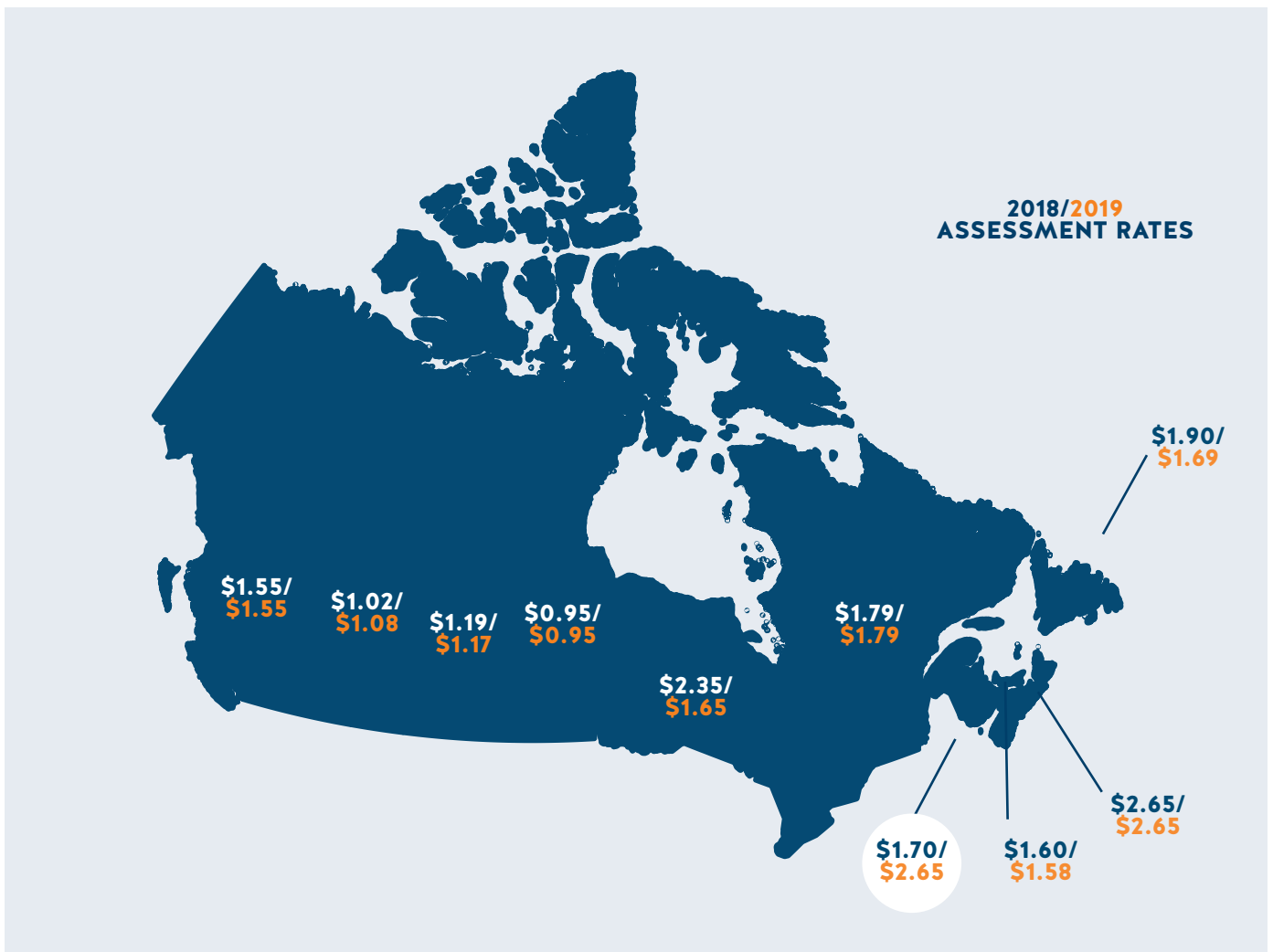
Despite significant market fluctuations over the last 10 years, our overall accident fund's performance continues to meet and exceed our expectations. In 2018, as the market experienced a downturn in the last quarter, our accident fund returned (1.32%).

	5 years average	8 years average	10 years average
WorkSafeNB	6.1%	7.4%	8.8%
Long-term target	5.55%	5.54%	5.61%

* As of December 31, 2015, the Real Return Objective is CPI + 3.75%. Prior to this, the objective was CPI + 4.00%.

ASSESSMENT RATES ACROSS CANADA

While assessment rates are commonly viewed as indicators of a system's financial health and safety record, they are but one data point among many that tell this story. A jurisdiction can have low assessment rates but still provide generous benefits to workers. For example, Manitoba has a high lost-time injury frequency compared to other provinces, but a low assessment rate. This is mainly a result of a return-to-work culture leading to shorter claim duration and a decrease in claim costs. Ultimately, when there are strong return-to-work outcomes, the system is in a position to offer more generous benefits to injured workers and more value to employers.



OUR PEOPLE



THOMAS

As our senior business risk management analyst, Thomas develops and implements enterprise risk management strategies to minimize losses and capitalize on opportunities.



HELEN-LOUISE

Helen-Louise is one of our senior policy analysts. A large part of her role involves research and analysis to develop WorkSafeNB policies that interpret the legislation and best serve workers, employers, and citizens.



BUILD A WORKPLACE COMMITTED TO SUPERIOR SERVICE



Investing in technology, processes and people to improve the overall customer experience for both workers and employers.

We are building the WorkSafeNB of the future through transformation. We need to do so to meet the ever-changing needs of our clients.

In 2018, we launched our transformation, by focusing on reviewing our systems and processes to see where we could realign, improve or upgrade them to make it easier and faster for clients to do business with us. Part of this commitment included restructuring WorkSafeNB to better enable our teams to act, and react, faster and more efficiently for the workers and employers of our province. This restructuring means shifting from a regional model to a shared services model that, when complete in 2019, will allow us to standardize our processes to best serve clients by identifying and remedying inefficiencies.

We recognize that too many of our processes are paper-based and outdated, and, in 2018, we initiated several enhancements to increase our capability to analyze and manage data - a need that was highlighted in the Auditor General's report on our claims management process.

One way we reduced our paper trail was through direct deposit conversion. Direct deposit offers a faster, more reliable method of payment for our clients, providing peace of mind during their recovery. Faced with a possibly long postal strike, in 2018 we embarked on a mission to convert clients still receiving their benefits by cheque to our direct deposit system. The project was a success, allowing us to decrease the number of cheque payments from 13% to 5%, resulting in significant economies in internal resources and costs and allowing more

workers to have convenient and fast access to their payments.

In 2018, we mapped our entire claim process from the time of injury to return to work, from the client perspective. By doing this, we were able to better understand all the moving pieces and identify areas for improvement. Through this, 19 continuous improvement projects were initiated in 2018 to address these gaps. Of these 19, 14 were completed in 2018, with the other five on track to be completed in 2019.

While upgrading some of our systems to reduce manual effort, we identified an opportunity to provide online access T5 forms from 2018 and later, through MyServices. It was a logical addition to the offerings and provides our clients with convenient and timely access to their tax forms. It marked the first year we provided this multi-channel service delivery model to connect our clients to the documents they need faster, and from the comfort of their own home.





All of our organization's projects are supported by our newly-assembled performance excellence and project management office. The new team hit the ground running in 2018, supporting and providing guidance on a number of initiatives within the organization, helping us prioritize major projects, set realistic time lines and focus on improving our clients' experience.



CLIENT SATISFACTION WITH OUR SERVICE DELIVERY

Client satisfaction results have been relatively stable in the recent three years in which they were collected. However, employer satisfaction has declined since 2014, which is not unexpected given the extra challenge that increasing premium rates have placed on New Brunswick employers recently. We are pleased to see an increase in worker satisfaction and we continue to strive to meet the needs of both workers and employers. In 2018, the Integrity Commissioner gave us a green light to resume our client satisfaction surveys, after working to enhance the survey to guarantee privacy.

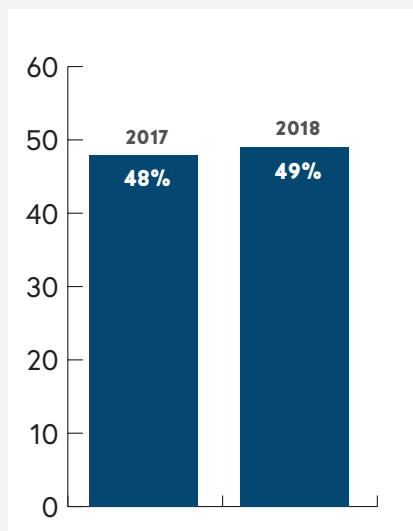
	2014	2018
 INJURED WORKER	68.5%	71.5%
 EMPLOYER	78.2%	74.2%



EMPLOYEE ENGAGEMENT

An engaged, committed and valued workforce is central to achieving our goals – when we meet our employees' needs we are able to meet our clients' needs. We continually take the temperature of our employees' engagement to see what is working well and what we can do better. This year, we achieved a 93% response rate on our survey. We are encouraged to see that our staff want to be heard, and we are listening. We are working to improve overall engagement, and we are proud to see gains made in these two areas: "This organization encourages innovation" is up by 5%, and "In the last year I have made recommendations for organizational improvements" is up by 6%. We look forward to moving the needle in creating

a work environment where all of our staff can thrive and provide excellent client service.





OUR PEOPLE



GAUTAM

Our clients' privacy is of the utmost importance to us. Ensuring our systems are secure, efficient and meet the needs of our organization and staff is top priority for Gautam, our IT security specialist.



AMER

As a project manager at WorkSafeNB, Amer must wear several different hats. He works with both internal and external stakeholders to keep our projects on the right track, ensuring they are on time and on budget.



In the spring, we began our search for a chief information officer (CIO), a role critical to our transformation. Our future CIO is a strategic link that will guide us through the changes ahead with their experience and leadership and bring our vision of a modern and efficient organization to life.

CONSOLIDATED 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 2018 financial report document that accompanies this report.



CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2018

	2018	2017
	(000s)	(000s)
ASSETS		
Cash and cash equivalents	\$ 65,916	\$ 72,634
Receivables and other	14,769	11,129
Recoverable benefits liabilities	354,040	282,760
Investments	1,294,663	1,356,440
Capital assets	10,076	11,046
	\$ 1,739,464	\$ 1,734,009
LIABILITIES AND FUNDED POSITION		
Payables and accruals	\$ 16,168	\$ 16,372
Benefits liabilities		
Assessed employers	1,561,298	1,360,828
Self-insured employers	365,863	293,897
Total benefits liabilities	1,927,161	1,654,725
Total liabilities	1,943,329	1,671,097
WorkSafeNB funded position	(234,070)	37,465
Non-controlling interests	30,205	25,447
	(203,865)	62,912
	\$ 1,739,464	\$ 1,734,009

On behalf of the board of directors:

James E. A. Stanley
Audit Committee,
Board of Directors

Tina Soucy
Audit Committee,
Board of Directors

Haley Flaro
Chairperson, Audit Committee
Acting Chairperson, Board of Directors



CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	(000s)	(000s)
INCOME		
Assessments	\$ 162,897	\$ 135,188
Investments	(17,638)	132,368
Self-insured employers	140,022	122,553
TOTAL INCOME	285,281	390,109
EXPENSES		
Claims costs incurred		
Assessed employers		
Benefit payments	165,990	160,056
Changes in actuarial valuation of benefit liabilities	200,470	191,423
	366,460	351,479
Self-insured employers		
Benefit payments	58,010	52,084
Changes in actuarial valuation of benefit liabilities	71,967	62,473
	129,977	114,557
TOTAL CLAIMS COSTS INCURRED	496,437	466,036
Administration	52,450	52,454
Legislative obligations	3,461	3,865
	55,911	56,319
TOTAL EXPENSES	552,348	522,355
EXCESS OF (EXPENSES) OVER INCOME FOR THE YEAR	\$ (267,067)	\$ (132,246)
EXCESS OF (EXPENSES) OVER INCOME FOR THE YEAR ATTRIBUTABLE TO:		
WorkSafeNB	(271,535)	(134,339)
Non-controlling interests	4,468	2,093
	\$ (267,067)	\$ (132,246)



**CONSOLIDATED STATEMENT OF CHANGES IN FUNDED POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018**

	WORKSAFENB	NON- CONTROLLING INTERESTS	2018 TOTAL	2017 TOTAL
	(000s)	(000s)	(000s)	(000s)
Funded position, beginning of year	\$ 37,465	\$ 25,447	\$ 62,912	\$ 191,205
Capital contributions by non-controlling interests	-	515	515	6,395
Distributions to non-controlling interests	-	(225)	(225)	(2,442)
Excess of (expenses) over income for the year	(271,535)	4,468	(267,067)	(132,246)
FUNDED POSITION, END OF YEAR	\$ (234,070)	\$ 30,205	\$ (203,865)	\$ 62,912



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	(000s)	(000s)
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from:		
Assessed employers	\$ 160,342	\$ 129,821
Self-insured employers	66,776	63,224
Interest and dividends	35,479	29,535
	262,597	222,580
Cash paid to:		
Injured workers or third parties on their behalf	224,001	212,140
Suppliers and employees, for administration and other services	59,549	61,799
	283,550	273,939
NET CASH USED IN OPERATING ACTIVITIES	(20,953)	(51,359)
CASH FLOW FROM INVESTING ACTIVITIES		
Cash received from:		
Sale of investments	204,248	315,693
Contributions by non-controlling interests	515	6,262
	204,763	321,955
Cash paid for:		
Purchase of investments	188,415	336,674
Purchase of capital assets	1,888	3,520
Distributions to non-controlling interests	225	2,458
	190,528	342,652
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	14,235	(20,697)
DECREASE IN CASH DURING THE YEAR	(6,718)	(72,056)
Cash and cash equivalents, beginning of year	72,634	144,690
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 65,916	\$ 72,634

