

Report to the Community

third quarter 2014

Workplace injury's impact: Navigating a long-term course

As 2014 ends its third quarter, the operational measures of the WCB continue to show short-term challenges, on an overall long-term path of progress.

Over the long term, there are improvements in the number of people hurt on the job, and in the amount of time they spend off the job. A decade ago, there were hundreds of thousands more days lost to injury, and the number of time-loss injuries was nearly a third higher than it is today.

In the big picture, this progress continues. We are seeing evidence of real culture change, particularly in industries like fishing. Encouragingly, fatalities are also significantly lower than they were at this point last year. There is also encouraging progress with regard to the long-term, legacy impact of workplace injury. Fewer workers are suffering injury such that they eventually have long-term, lifelong impact and require extended earnings replacement benefits.

However, some of our measures are not progressing as we had planned. As Q3 came to a close, it became clear that some of our targets for year end 2014 will not be achieved.

Although it remains below historical levels, the time injured workers spend off the job after injury has increased. Our composite duration index is trending upward, and is likely to end the year several days above target, meaning the average claim is lasting longer than we had expected it would be at this point. In addition, the other measure of return-to-work progress, time-loss days paid per 100 covered workers, will not meet the year-end target for 2014. Further, increased weather-related claims have also contributed to slowing the decline in the injury rate, resulting in less progress in 2014 than we had hoped.

Several factors contributed to these variances. For example, our teams have seen claims management and workplace safety leadership in the workplaces we serve needing to divert attention to other issues – such as plant closures and the amalgamation of health authorities. The industry mix, on the whole, continues to evolve, and the workforce is aging – 36% of workers with time-loss injuries in 2013 were 50 years of age or over, up from 24% in 2005. All of these factors, among others, contribute to the changing dynamics related to workplace injury's impact in 2014.

*See **Navigating** continued on page 2*

Building a strong, vibrant safety culture is long-term pursuit that will continue to present challenges – but we must stay the course.

Navigating *continued page 1*

Overall, we are making progress, and that progress must continue. Enabling that progress means proactive investment in our operations, as we introduce new processes and approaches to help us provide better service to workers and employers, along with other improvements like the centralization of surgical services. But, like any change, it takes time to adjust to those changes before fully realizing their benefit. As we make important changes for long-term performance improvements in the big picture, we are seeing short-

term negative performance impacts in the day-to-day picture.

We remain on course to a safer Nova Scotia. Building a strong, vibrant safety culture is long-term pursuit that will continue to present challenges – but we must stay the course.

Together with our partners, we remain committed to our vision of a Nova Scotia safe and secure from workplace injury and its impact. ■

Operational highlights

Making the Community Connection

Visitors to arenas and many Tim Hortons locations across Nova Scotia this fall were reminded that they were enjoying a moment brought to them by workplace safety, thanks to a community-based social marketing campaign. Bold signage was placed in arenas, and messaging was part of Tim's TV in-store television, as part of our ongoing efforts to raise awareness about workplace safety, in partnership with the Nova Scotia Department of Labour and Advanced Education. ■



Workplace safety reminders: Our rink board at the Dartmouth Sportsplex, (l) and our ad on Tim Hortons' TV in their recently renovated Cobequid Road, Lower Sackville location.

WCB Nova Scotia updates website

WCB Nova Scotia's website (wcb.ns.ca) has a new look. Redesigned based on feedback from workers, employers, service providers and our employees, the improved design makes information easier to find for those who need it. Along with our new website, we are also making improvements to allow employers to register for workplace injury insurance coverage using a new online registration form right from the site. Along with traditional offline methods, this will give employers an online option when they need to register for coverage. ■





Rick Clarke, President of the Nova Scotia Federation of Labour (second from left) and JP Deveau, CEO of Acadian Seaplants Ltd. (second from right) led a panel discussion at the 2014 Leadership Matters event. The Honourable Kelly Regan, Minister of Labour and Advanced Education (far left) and Stuart MacLean, CEO of WCB Nova Scotia also spoke to the group of leaders assembled at the event.

Workplace Safety Strategy: Connecting with business leaders

In early December, WCB Nova Scotia and the Nova Scotia Department of Labour and Advanced Education co-hosted the second Leadership Matters seminar in Halifax. In this half-day conference, senior public and private sector leaders were reminded that workplace safety is essential for protecting their employees and for strengthening their businesses.

Rick Clarke, President of the Nova Scotia Federation of Labour, and JP Deveau, CEO of Acadian Seaplants Ltd., were co-panelists at the event. Kevin Pelley, President of Kohltech International, delivered the keynote address.

Deveau and Clarke are both part of the One NS Coalition – the group responsible for implementing the recommendations outlined in the Ivany Report. As co-panelists, they represented leaders in both the employer and worker communities. Their fresh perspectives

on the importance of safety to the Nova Scotia of tomorrow underlined the fact that attitudes about workplace safety are no exception to the mindsets that need to change, if we are to achieve the future envisioned in the Ivany Report.

Later that day, leaders representing small and medium workplaces across Nova Scotia were invited to attend the second Small and Medium Workplace Safety Workshop. They heard an update on the latest developments benefiting small and medium workplaces within the Workplace Safety Strategy, and provided input on the development and distribution of safety tools. ■



In this half-day conference, senior public and private sector leaders were reminded that workplace safety is essential for protecting their employees and for strengthening their businesses.



Members of the Eastern Fishermen's Federation (EFF) take in a PFD demonstration at their October meeting in Dartmouth. This was part of a larger fishing safety tradeshow organized in partnership with the EFF.

Signs of change as the Fishing Safety Action Plan work continues

“Lobster fishing is a risky business, I can tell you that. But fishermen are (safer) now than ever before. We’re practicing safety more than ever... but we still have a way to go,” commented Paddy Gray, a fisherman of 40 years from Sambro, and a member of the Safe at Sea Alliance, in a media interview following a man-overboard safety demonstration in Eastern Passage this fall.

WCB Nova Scotia, along with our partners at the Department of Labour and Advanced Education (LAE) and the Department of Fisheries and Aquaculture (DFA), with support from the Fisheries Safety Association (FSANS) and the Fisheries Sector Council (NSFSC), continue to help grow this safety shift by working with the many industry representatives of the Safe at Sea Alliance on the development of an industry-led Fishing Safety Action Plan.

Throughout the summer and early fall, other partners including the Department

of Fisheries and Oceans, Transport Canada, the Transportation Safety Board, Environment Canada, the Coast Guard and the Nova Scotia Community College became more engaged in the initiative, further committing their support. Working together with industry as a single aligned voice, and using the industry input gathered in the previous months, the combined group began outlining actions to address fishing safety in Nova Scotia.

This work will continue over the coming months. The Fishing Safety Action Plan is expected to be launched in early 2015.

Work with our partners to raise fishing safety awareness also continued throughout the third quarter. There was particular focus in the weeks leading up to “Dumping Day,” the start of the winter lobster fishery in Southwest Nova Scotia, with advertising, wharf visits and community outreach.

The season was proactively delayed by industry because of safety concerns – evidence of slow but steady culture change in this industry. ■

Mainstay Awards program awards luncheon coming during NAOSH week

The early weeks of the calendar year mean safety leaders across the province turn their minds to having their safety and return to work efforts publicly recognized. The submission deadline for the 2015 Mainstay Awards program is January 30, 2015.

The Mainstay Awards are an annual program presented by WCB Nova Scotia and the Nova Scotia Department of Labour and Advanced Education. The program recognizes the safety excellence of organizations and individuals across eight categories and bestows this province's highest workplace safety honour, the Safety Award of Excellence. Past winners include CKF Inc. and Acadian Seaplants.

Mainstay also presents awards for Safety Excellence for an Individual, Safety Transformation, Safety Educator, Small and Medium Business, Return to Work Champion, and Individual and Employer Safety Champion. The awards will be presented at a gala luncheon during NAOSH week in May. For more information about how you can submit an entry for consideration, visit www.mainstayawards.ca. ■

WCB Nova Scotia Strategic Plan

WCB Nova Scotia is developing our strategic plan for 2016-2020, with input from Nova Scotians. This plan will provide the roadmap for our work in helping to keep Nova Scotians safe and secure from workplace injury. Throughout the fall, we reached out to stakeholders, partners, employers, and all Nova Scotians, to gather feedback through online forms, small group discussions and written submissions. A draft plan based on all of this feedback will be reviewed by the WCB Nova Scotia Board of Directors in early 2015. ■

New psychological injury policy

Psychological injuries are a growing issue in workplaces across Canada.

In March, 2014, after significant consultation, WCB Nova Scotia introduced a policy to better reflect current practice with regard to how psychological injuries are compensated under the *Workers' Compensation Act (the Act)*.

The policy clarifies the legislated authority around the compensation of psychological injury on the job. Currently, *the Act* sets out that the psychological impact of an acute reaction to a traumatic event can be considered an "accident," for the purposes of determining entitlement to compensation.

The new policy clarifies that psychological injuries may be compensable not only when they are due to an acute reaction to a single traumatic event, but the effects of multiple traumatic events over time. This clarification brings Nova Scotia's approach to these types of injuries to be more in step with the way they are compensated in other parts of the country.

Occupational hearing loss policy updates

Noise induced hearing loss is a complicated issue. Claims have long been very complicated to adjudicate, for a number of reasons such as the fact hearing loss happens over time, and it can be difficult to determine the exact cause. These same reasons are at the root of a lack of clarity and consistency in policy and practice, which have contributed to stakeholder concerns over the years.

After two rounds of consultation, the WCB Nova Scotia has updated our policy related to occupational hearing loss.

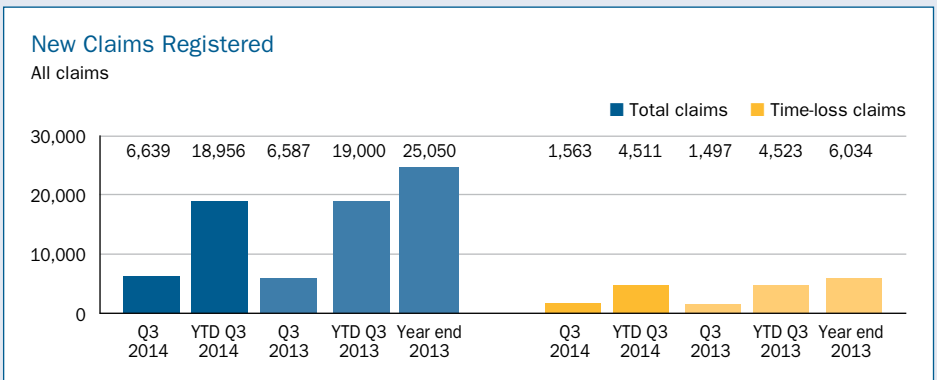
See **Highlights** continued on page 12

Statement of Financial Position

as at:

	September 30 2014 (Unaudited) (\$'000s)	September 30 2013 (Unaudited) (\$'000s) Restated*	December 31 2013 (Audited) (\$'000s)
Assets			
Cash & cash equivalents	\$ 9,401	\$ 10,219	\$ 6,359
Receivables	22,507	22,319	23,911
Investments	1,450,244	1,268,746	1,341,322
Property and equipment	4,325	4,580	4,607
Intangible assets	822	443	591
	\$ 1,487,299	\$ 1,306,307	\$ 1,376,790
Liabilities and Unfunded Liability			
Payables and accruals	\$ 31,311	\$ 26,774	\$ 30,658
Lease liabilities	192	265	246
Post employment benefits	23,852	24,639	22,381
Benefits liabilities	1,914,550	1,770,877	1,875,734
	1,969,905	1,822,555	1,929,019
Deferred revenue	16,679	16,144	-
Unfunded liability	(499,285)	(532,392)	(552,229)
	\$ 1,487,299	\$ 1,306,307	\$ 1,376,790

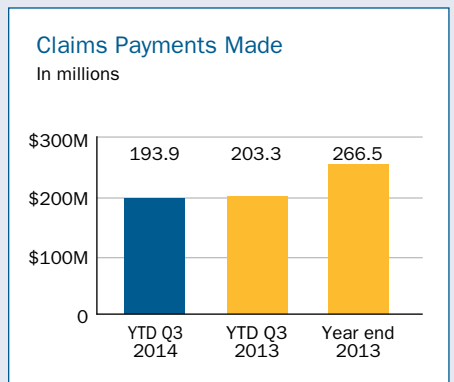
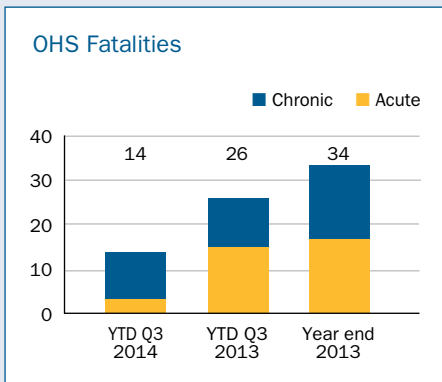
* Restatement for Presentation of Prior Year – re-classifications of certain accounts have been made in accordance with the 2013 audited financial statements.



Statement of Operations

for the nine months ended September 30 (unaudited)

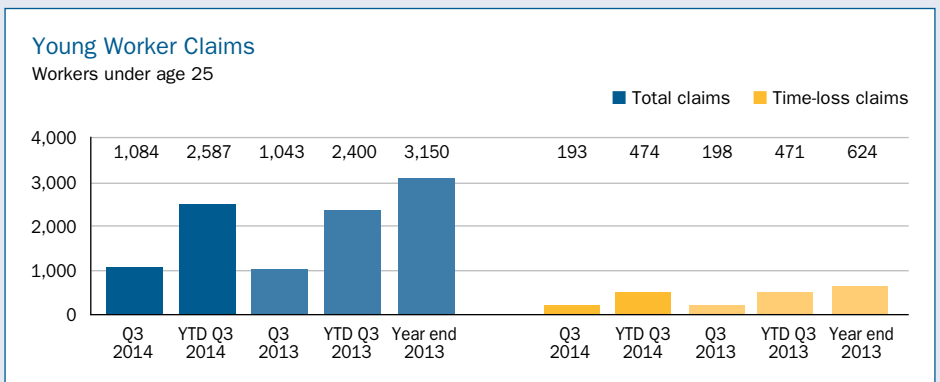
	Third Quarter 2014 (\$000s)	Third Quarter 2013 (\$000s)	YTD Sept. 30 2014 (\$000s)	YTD Sept. 30 2013 (\$000s)
Revenue				
Assessments	\$ 71,665	\$ 66,459	\$ 216,073	\$ 211,320
Investment income	9,566	55,880	108,665	117,058
	81,231	122,339	324,738	328,378
Expenses				
Claims costs incurred				
Short-term disability	10,252	9,397	29,635	28,382
Long-term disability	24,557	22,707	76,011	72,515
Survivor benefits	3,043	351	5,333	5,172
Health care	14,852	13,114	42,617	41,886
Rehabilitation	671	4	1,138	495
	53,375	45,573	154,734	148,450
Growth in present value of benefits liabilities, actuarial experience adjustments and adjustment for Latent Occupational Disease	28,634	20,402	70,090	66,046
Administration costs	12,253	10,838	35,082	31,618
System support	228	203	709	561
Legislated obligations	3,588	3,227	11,179	9,708
	98,078	80,243	271,794	256,383
Excess of (expenses over revenues) revenues over expenses applied to increase (reduce) the unfunded liability	\$ (16,847)	\$ 42,096	\$ 52,944	\$ 71,995



Statement of Changes in Unfunded Liability

for the nine months ended September 30 (unaudited)

	Third Quarter 2014 (\$000s)	Third Quarter 2013 (\$000s)	YTD Sept. 30 2014 (\$000s)	YTD Sept. 30 2013 (\$000s)
Unfunded liability excluding accumulated other comprehensive income				
Balance, beginning of period	\$ (482,438)	\$ (574,488)	\$ (546,488)	\$ (595,877)
Excess of (expenses over revenues) revenues over expenses	(16,847)	42,096	52,944	71,995
	<u>(499,285)</u>	<u>(532,392)</u>	<u>(493,544)</u>	<u>(523,882)</u>
Accumulated other comprehensive income				
No change in balance, during the period	-	-	(5,741)	(8,510)
Unfunded liability end of period	<u>\$ (499,285)</u>	<u>\$ (532,392)</u>	<u>\$ (499,285)</u>	<u>\$ (532,392)</u>



Statement of Cash Flows

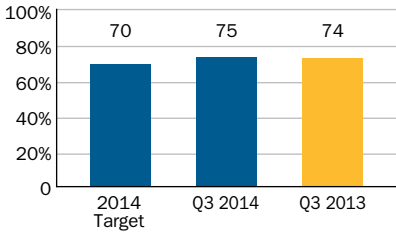
for the nine months ended September 30 (unaudited)

	September 30 2014 (\$000's)	September 30 2013 (\$000's) Restated*
Operating Activities		
Cash received from:		
Employers, for assessments	\$ 225,159	\$ 227,707
Investment income	49,112	68,858
	274,271	296,565
Cash paid to:		
Claimants or third parties on their behalf	(182,142)	(191,145)
Suppliers, for administrative and other goods and services	(45,202)	(39,620)
	(227,344)	(230,765)
Net cash provided by operating activities	46,927	65,800
Investing Activities		
Increase in investments	(43,006)	(53,661)
Cash paid for:		
Purchase of equipment	(879)	(752)
Net cash used in investing activities	(43,885)	(54,413)
Financing Activities		
Change in bank indebtedness	-	(1,168)
Net cash used by financing activities	-	(1,168)
Net increase in cash and cash equivalents	3,042	10,219
Cash and cash equivalents, beginning of year	6,359	-
Cash and cash equivalents, end of period	<u>\$ 9,401</u>	<u>\$ 10,219</u>

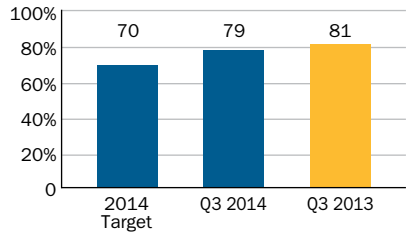
* Restatement for Presentation of Prior Year – re-classifications of certain accounts have been made in accordance with the 2013 audited financial statements.

Service

Worker Satisfaction Index¹



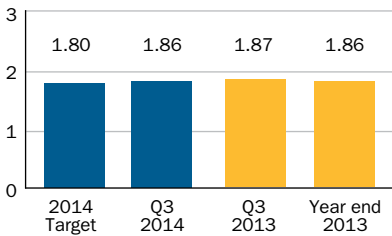
Employer Satisfaction Index



Prevention

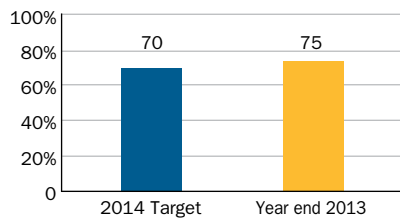
Injury Frequency

Time-loss claims per 100 covered workers



Employee

Employee Satisfaction Index²



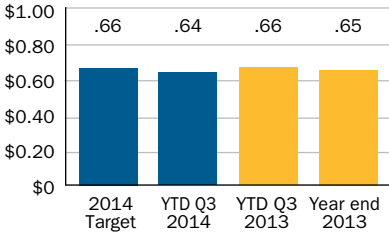
¹ The Worker Satisfaction Index does not include workers on long-term benefits or those for claims with little or no time loss.

² Annual Index

Financial

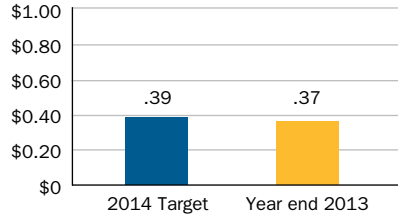
Cost Per \$100 Payroll

Claims payments made for injuries in the past 3 years



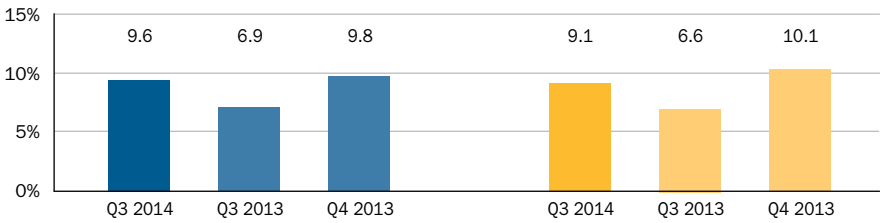
Administrative costs per \$100 of payroll

(excluding prevention costs)



Five-Year Rate of Return on Investment

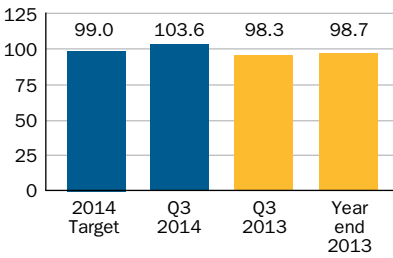
■ Five-Year Actual Rate of Return ■ Five-Year Target



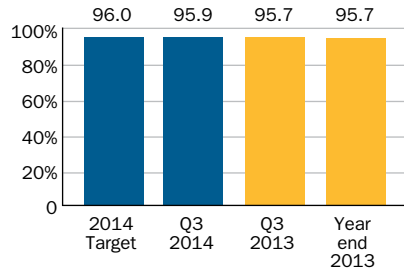
Return to Work

Duration Index

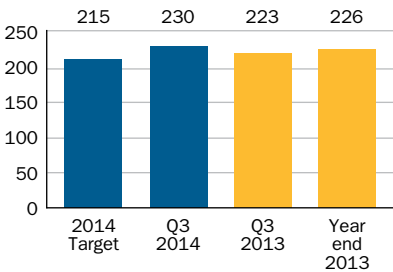
Composite, in days



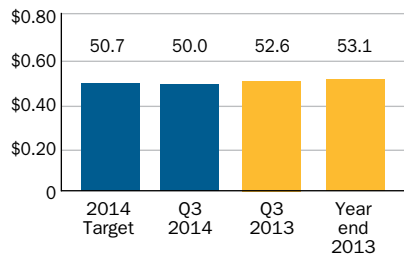
Return to Employability



Time Loss Days Paid per 100 Covered Employees



Cost of New Extended Earnings Replacement Benefits (EERBs)



Highlights continued from page 5

The changes resolve a slight inconsistency between *the Act* and policy. The new policy states that a Permanent Medical Impairment must be confirmed for entitlement to medical aid benefits in the form of hearing aids, and a hearing test within five years of leaving the noisy workplace will also be required. In addition, the policy changes remove the deduction for natural age-related hearing loss, along with other administrative improvements. The changes are not expected to bring significant change to claims costs, and will provide clarity and process improvement related to noise induced hearing loss claims. ■

Health care: MSIs, violence in focus

In 2013, more than 25% of time-loss claims happened in the health care sector. And of those, 8 out of every 10 injuries were musculoskeletal injuries (MSIs) – often, sprains and strains that happen in lifting, moving, and transferring other people.

WCB Nova Scotia is working with AwareNS and other partners in both

district health authorities and in the long-term care industry to create safer workplaces for those who care for others. Programs are in place, in varying stages of implementation, in both acute care and long term care to create better communication, training, and overall processes to prevent soft tissue injury. These are supported by targeted social marketing approaches directly addressing back strain.

Workplace violence is another significant risk in health care. Although it's not reflected as a claim driver, workplaces tell us it needs focused attention. Working together with AwareNS and the industry, a working group of leaders in long term care has been established, and a program has been developed that helps workplaces comply with legislation, regulation and best practice.

The WCB will continue to work with our partners in health care toward a safer tomorrow, as we work to create a culture in health care that makes protecting employees from injury part of the plan for how care is provided for others. ■



Greg MacLean, Assessment Officer, Employer Services; Betty-Jo Leary, Field Representative, Workplace Services; Tracey Newman, Manager, WST-South-Metro, along with LAE representatives chat with attendees of the Business Information Event held in New Minas this fall for small and medium enterprises.

Small and Medium Business Information Event – New Minas

Working together with the Nova Scotia Department of Labour and Advanced Education, WCB Nova Scotia hosted an open-house style event for small business leaders in the Annapolis Valley in late October. It was the first of several planned events to help small and medium business owners and leaders understand what is required of them under OHS law and promote better understanding of how the WCB can help covered employers manage injury prevention and return to work programs. ■

Workers' Compensation Board
of Nova Scotia
5668 South Street
PO Box 1150
Halifax, NS B3J 2Y2

1-800-870-3331 Mainland
1-800-880-0003 Cape Breton
www.wcb.ns.ca
www.worksafeforlife.ca