

Report to the Community

second quarter 2014

Long-term progress, short-term challenges

Work is about much more than just a paycheck. For many people, it is part of our identity, and it gives us a sense of self-worth. It's an essential element in our society – in many ways, it is fundamental to our community, as well as to our economy.

With that in mind it's no surprise that workplace injuries have a big impact on people and our economy. The longer an injured worker stays off the job due to a workplace injury, the less likely they are to recover and return to work at all. Safe transitional work can be a very important factor in recovery from injury – it is physically healthy, and it also provides a very important connection to the workplace. It can reduce or eliminate lost earnings, and it minimizes impact on what matters most – family, friends, and the things we enjoy outside of work.

At the WCB, we are a catalyst for workplace safety and return to work. We succeed when others succeed. Along with working to prevent injury, our goal is to work with employers, employees, unions, health care providers and others to help manage the impact when a workplace injury occurs, and to ensure injured workers can make a safe and timely return to work.

In the second quarter of 2014, while we continue to make real progress toward a Nova Scotia safe and secure from workplace injury, improvement in the amount of time it takes for injured workers to make a safe and timely return to the workplace has slowed. This means that while we continue to make progress, the specific one-year targets for claim durations and the total number of days paid are at risk.

There are several factors impacting these results. One of them is change. We are investing in some changes to the way we do business that are critical for our long-term success, which are causing some short-term impacts. We're introducing new approaches and processes to help us better serve injured workers and employers and support their efforts to prevent injuries and enable safe and timely return to work. These come on the heels of other improvements like our work to centralize surgeries. It is all positive and much needed change, but like any change, we know it will take some time to learn and adjust. This period of adjustment is having a short-term impact on claim outcomes.

As well, over the last year, while injuries have declined, payroll has also declined,

*See **Progress** continued on page 2*

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Progress continued page 1

which is putting upward pressure on our time-loss rate of injuries per 100 workers. There was also an increase in injuries in some of Nova Scotia's biggest workplaces during Q2. The presence and effectiveness of employer return-to-work programs is also a significant factor in claim durations, and we're still working toward making this a priority and achieving a good level of consistency.

While we're concerned about these short-term results, our other key performance measures continue to be positive, and the long-term trend for all of our results is still impressive. Looking back, 3,000 fewer people were seriously injured last year, compared to 2005. There was significantly more time lost to injury back then – 415,028 more days were paid or about the same as over a thousand people working full time for a year.

Our improvement since 2005 in days paid totals 40 per cent, and fewer workers suffer impact of injury such that they become entitled to long-term benefits. That number has declined by 30 per cent in the past five years.

All of this tells us that we are on the right course, that we have the right strategies in place and that we are working with the right partners. We are making progress toward achieving our long term goals, and we will focus on our short-term challenges to help ensure durations are on track and trending positively as soon as possible. Building a strong and vibrant safety culture is an evolving pursuit that will present us with challenges along the way, but we continue to make progress, and our commitment to making Nova Scotia one of the safest places to work in Canada has never been stronger. ■

Operational highlights

Fishing Action Plan engagement grows

Slowly, boat by boat and fisherman by fisherman, the safety culture in Nova Scotia's fishing industry is growing, driven by a focused group of safety champions working to support industry members as they create a plan to reduce injuries and save lives.

The WCB, the Department of Labour and Advanced Education (LAE) and the Department of Fisheries and Aquaculture

(DFA) continue to facilitate an industry-led Fishing Safety Action Plan with support from the Fisheries Sector Council (NSFSC) the Department of Fisheries and Oceans, and Fisheries Safety Association (FSANS).

Throughout Q2 industry leaders were invited to form the Safe at Sea Alliance – the captains, crew, owners, operators, and family members who will develop and ultimately endorse the plan, representing different types of fisheries and geographic areas of the province.

Hundreds of fishermen, family and community members gather on the Wedgeport Wharf on Aug. 19 to watch a Man Overboard Drill just before the send-off of the Wedgeport Tuna Tournament.



In order to ensure feasibility and alignment with existing programs and strategies, the WCB and our partners are also building relationships with Transport Canada, Transportation Safety Board, Environment Canada, the Coast Guard and the Nova Scotia Community College. In early conversations, leaders from these organizations have indicated their support for the Fishing Safety Action Plan.

In the meantime, along with our partners, we continue to bring the message of

safety to wharves and communities. WCB representatives visited wharves throughout the province, and WCB CEO Stuart MacLean's recent letter to the editor about the need for change in fishing has run in a number of papers – provincial, regional and local.

Every conversation moves us one step closer to a safer fishing industry. A draft plan is expected later this fall, for launch in early 2015. ■



Social Marketing Activities

What Matters Most: Life's moments brought to you by workplace safety.

A little boy waits for his Dad to come home like he does every day. But it's taking longer for dad's van to pull onto their street than usual. The boy and his Mom are just starting to get worried – and just then, Dad arrives home, while at the same time across the province many other workers are coming home safely to their families.

It's a touching story. And, it's effective communications too. More than half of Nova Scotians recall seeing the ad, and of those, eight in 10 say it made them think about workplace safety. In fact, a third say they've already changed their behavior because of it.

As people become more active in their communities throughout the fall, the WCB and LAE are reaching out with a community-based extension of the campaign. From walks in the park to kids' soccer games, moments across Nova Scotia are being "brought to you



Signs were placed around the province reminding passersby the most important reason for making your workplace safe is not at work at all.

by workplace safety," in a unique street-level marketing approach that makes the emotional connection between workplace safety and the things people enjoy doing in their off-work hours.

Workplace level interactions are also being stepped up. An online interactive safety quiz challenges workers and employers to test their knowledge, and a more serious version of the ad plays when incorrect answers are chosen. Check it out at worksafeforlife.ca.

Outreach to young workers continues

Meanwhile, our outreach to young workers aged 16 to 25 years continues. In an online contest, young workers were asked to share their favourite summertime activities via Instagram, tagged with #thismatters, for the chance to win a summer bonus prize. The goal is to reward young workers for staying safe at work by celebrating the moments that matter



most to them outside of work. Our street team was out at community events throughout Nova Scotia over the summer. We received over 500 contest entries; gained 321 new followers to our facebook page and traffic to our website exploded with almost 11,000 page views of our young worker material. As part of the same initiative, a revamped workplace kit is planned for later this fall and widespread distribution next spring. ■

WCB announces 2015 assessment rates

The week of September 1st the WCB notified the approximately 18,500 employers it covers of their 2015 assessment rates. For the 11th year in a row, the average assessment rate remains stable at \$2.65 per \$100 of assessable payroll. In 2015, 107 employers will receive a surcharge compared to 113 in 2014. To be surcharged, an employer's claims costs must be at least three times their industry average for at least four consecutive years. Surcharges are cumulative and can add an additional 20 per cent to a firm's base rate each year.

In partnership with the Construction Safety Association of Nova Scotia and the Trucking Safety Association, last year the WCB introduced the Practice Incentive Rebate Program, which along with the Conditional Surcharge Rebate Program is helping to encourage employers to make improvements to the safety performance of their workplaces. Rebates are being issued for the first time under both programs in 2014. Through the Practice Incentive Rebate Program, \$1.58 million in premiums has been refunded to

qualifying businesses in the construction and trucking industries. And as a result of the Conditional Surcharge Rebate Program up to \$915,446 may be invested in safety this year by employers in Nova Scotia: These are safety investments that may not have otherwise occurred without these incentives. Both programs will continue to be offered in 2015.

Rates are decreasing by 10 per cent or more in industries such as crop farming, aquaculture, ready-mix concrete, shipbuilding and boatbuilding, interior finishing and specialty care homes. Some of the industries facing rate increases of 20 per cent or more include the feed industry, tire manufacturing, carpet manufacturing, furniture manufacturing, wrecking and demolition and framing.

WCB rates are responsive to an employer's safety and return-to-work performance, and the model includes incentives for good performance, and disincentives for poor safety performance. As a result, the best way for employers to reduce workers' compensation premiums is to prevent injuries in the workplace, and, if an injury does occur, support injured workers' efforts to return to work. ■

Through the Practice Incentive Rebate Program, **\$1.58 million** in premiums has been refunded to qualifying businesses in the construction and trucking industries.

WCB in the Community

Here are some highlights of our community outreach in the second quarter of 2014.



Shelley Rowan, VP Prevention and Service Delivery, WCB and Lora MacEachern, Associate Deputy Minister of Nova Scotia Labour and Advanced Education address the audience at the Cape Breton Prevention and Safety in the Workplace Conference.

Cape Breton Prevention and Safety in the Workplace Conference

The Cape Breton Partnership, in cooperation with WCB, Nova Scotia Labour and Advanced Education (LAE) and the North American Occupational Safety and Health Week Committee, hosted the Prevention and Safety in the Workplace Conference at the Joan Harris Cruise Pavilion on Friday, May 9th in Sydney. More than 100 safety leaders and educators from business and government attended.

Prevention Symposium in Retail, Food and Beverage

On May 29th members of the Retail Food and Beverage Integrated Service Team, led by Lise Jeffrey, Relationship Manager, organized a Prevention Symposium in Halifax.

Strategic Plan: 2016-2020 – Have your say!

The WCB is in the process of defining a Strategic Plan for 2016-2020 and over the next several months we are asking Nova Scotians for their input.

As we develop the plan we'll need to make choices about where to focus resources over the next five years in order to achieve our objectives. With that in mind we want to hear your perspectives about priorities for the WCB.

A significant emphasis in our current plan is building positive change in Nova Scotia's workplace safety culture and inspiring Nova Scotians to take action to create safer workplaces and help injured workers return to work in a safe and timely manner. This calls for

transitioning from a province that knows about workplace safety to one that cares about workplace safety. Delivering Nova Scotia's Workplace Safety Strategy will be a key part of the new strategic plan, and the WCB's work over the next several years will be aligned with the strategy's vision – to make Nova Scotia one of the safest places to work in Canada.

We would like to hear your views on our path forward. Please visit wcb.ns.ca to review our Strategic Plan discussion document, which outlines questions for you to consider, and send us your feedback by

November 10, 2014.

When consultation on the *Strategic Plan 2016-2020* is completed next spring, the WCB Board of Directors will consider the points of view that you have raised throughout the consultation process as they finalize and approve the plan. ■

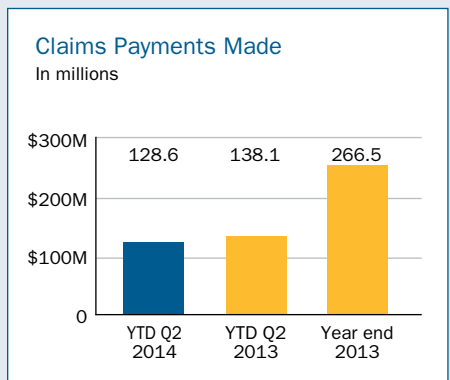
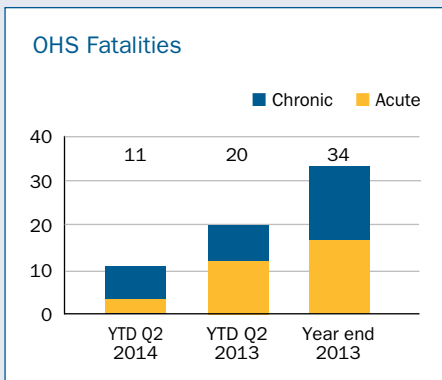
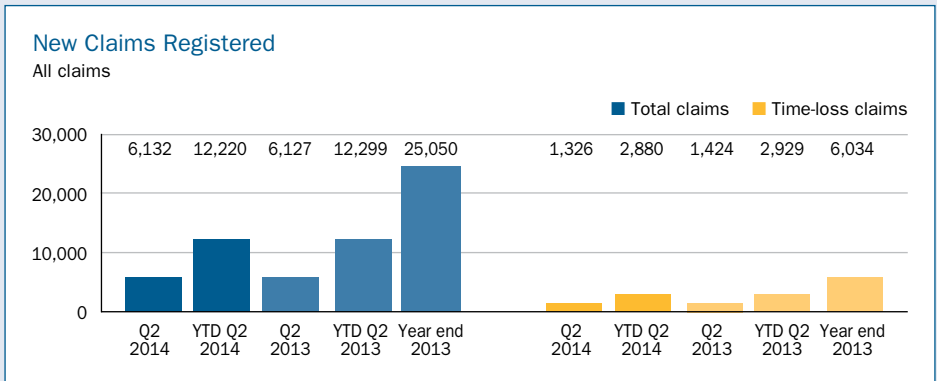
See Highlights continued on page 11

Statement of Financial Position

as at:

	June 30 2014 (Unaudited) (\$'000s)	June 30 2013 (Unaudited) (\$'000s) Restated*	December 31 2013 (Audited) (\$'000s)
Assets			
Cash & cash equivalents	\$ 1,502	\$ 3,854	\$ 6,359
Receivables	28,900	29,695	23,911
Investments	1,440,763	1,212,985	1,341,322
Property and equipment	4,352	4,452	4,607
Intangible assets	544	475	591
	\$ 1,476,061	\$ 1,251,461	\$ 1,376,790
Liabilities and Unfunded Liability			
Payables and accruals	\$ 25,693	\$ 22,745	\$ 30,658
Lease liabilities	205	286	246
Post employment benefits	23,371	24,183	22,381
Benefits liabilities	1,895,095	1,767,768	1,875,734
	1,944,364	1,814,982	1,929,019
Deferred revenue	14,135	10,967	-
Unfunded liability	(482,438)	(574,488)	(552,229)
	\$ 1,476,061	\$ 1,251,461	\$ 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 six months ended June 30 (unaudited)

	Second Quarter 2014 (\$000s)	Second Quarter 2013 (\$000s)	YTD June 30 2014 (\$000s)	YTD June 30 2013 (\$000s)
Revenue				
Assessments	\$ 72,998	\$ 73,901	\$ 144,407	\$ 144,861
Investment income	43,323	5,628	99,099	61,178
	<u>116,321</u>	<u>79,529</u>	<u>243,506</u>	<u>206,039</u>
Expenses				
Claims costs incurred				
Short-term disability	9,634	9,915	19,383	18,985
Long-term disability	26,150	25,713	51,454	49,808
Survivor benefits	556	3,442	2,290	4,821
Health care	14,008	14,479	27,764	28,773
Rehabilitation	102	309	467	491
	<u>50,450</u>	<u>53,858</u>	<u>101,358</u>	<u>102,878</u>
Growth in present value of benefits liabilities, actuarial experience adjustments and adjustment for Latent Occupational Disease	19,892	28,855	41,456	45,643
Administration costs	11,473	10,885	22,829	20,780
System support	242	185	481	358
Legislated obligations	3,727	3,195	7,591	6,481
	<u>85,784</u>	<u>96,978</u>	<u>173,715</u>	<u>176,140</u>
Excess of revenues over expenses (expenses over revenues) applied to reduce (increase) the unfunded liability	\$ 30,537	\$ (17,449)	\$ 69,791	\$ 29,899

Statement of Changes in Unfunded Liability

for the six months ended June 30 (unaudited)

	Second Quarter 2014 (\$000s)	Second Quarter 2013 (\$000s)	YTD June 30 2014 (\$000s)	YTD June 30 2013 (\$000s)
Unfunded liability excluding accumulated other comprehensive income				
Balance, beginning of period	\$ (512,975)	\$ (557,039)	\$ (546,488)	\$ (595,877)
Excess of revenues over expenses (expenses over revenues)	30,537	(17,449)	69,791	29,899
	<u>(482,438)</u>	<u>(574,488)</u>	<u>(476,697)</u>	<u>(565,978)</u>
Accumulated other comprehensive income				
No change in balance, during the period	-	-	(5,741)	(8,510)
Unfunded liability end of period	\$ (482,438)	\$ (574,488)	\$ (482,438)	\$ (574,488)

Statement of Cash Flows

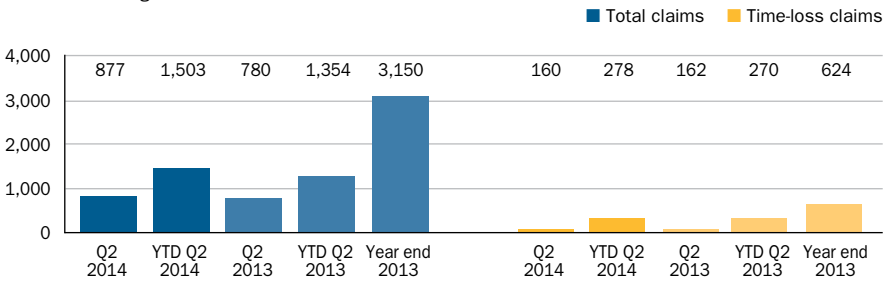
for the six months ended June 30 (unaudited)

	June 30 2014 (\$000s)	June 30 2013 (\$000s) Restated*
Operating Activities		
Cash received from:		
Employers, for assessments	\$ 152,990	\$ 148,461
Investment income	19,266	56,555
	172,256	205,016
Cash paid to:		
Claimants or third parties on their behalf	(120,923)	(129,848)
Suppliers, for administrative and other goods and services	(36,282)	(28,353)
	(157,205)	(158,201)
Net cash provided by operating activities	15,051	46,815
Investing Activities		
Increase in investments	(19,602)	(41,475)
Cash paid for:		
Purchase of equipment	(306)	(318)
Net cash used in investing activities	(19,908)	(41,793)
Financing Activities		
Change in bank indebtedness	-	(1,168)
Net cash used by financing activities	-	(1,168)
Net (decrease), increase in cash and cash equivalents	(4,857)	3,854
Cash and cash equivalents, beginning of year	6,359	-
Cash and cash equivalents, end of period	<u>\$ 1,502</u>	<u>\$ 3,854</u>

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

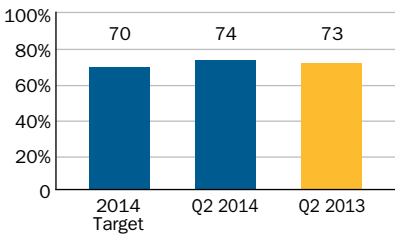
Young Worker Claims

Workers under age 25

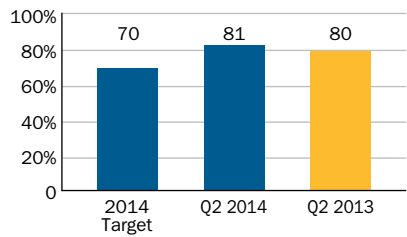


Service

Worker Satisfaction Index¹



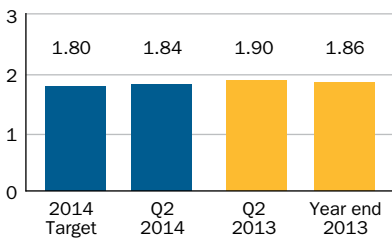
Employer Satisfaction Index



Prevention

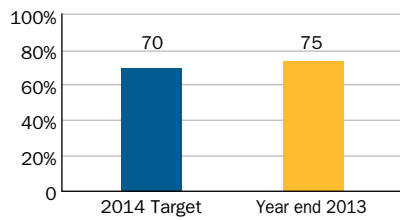
Injury Frequency

Time-loss claims per 100 covered workers



Employee

Employee Satisfaction Index²



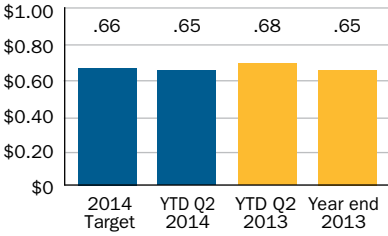
¹ The Worker Satisfaction Index does not include workers on long-term benefits or those for claims with little or no time loss.

² Annual Index

Financial

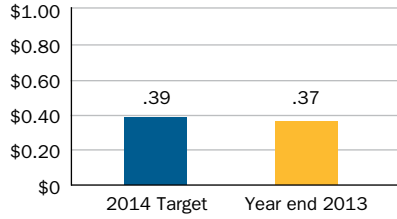
Cost Per \$100 Payroll

Claims payments made for injuries in the past 3 years



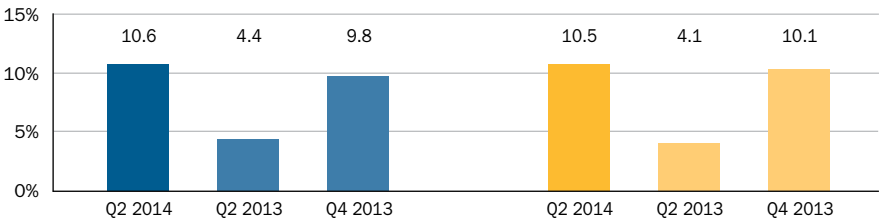
Administrative costs per \$100 of payroll

(excluding prevention costs)



Five-Year Rate of Return on Investment

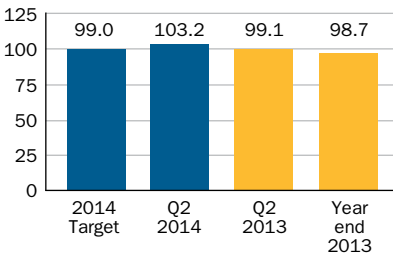
■ Five-Year Actual Rate of Return ■ Five-Year Target



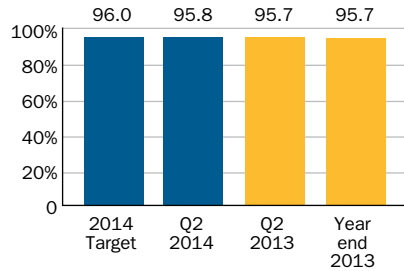
Return to Work

Duration Index

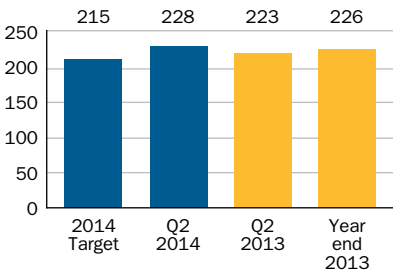
Composite, in days



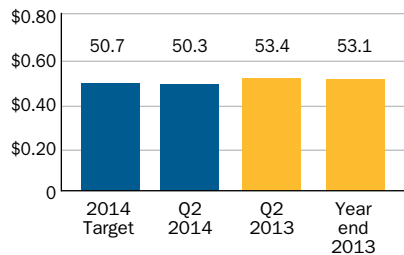
Return to Employability



Time Loss Days Paid per 100 Covered Employees



Cost of New Extended Earnings Replacement Benefits (EERBs)



What's new with the Workplace Safety Strategy?

Two years into the 2013-2017 Workplace Safety Strategy for Nova Scotians, the workers and employers of our province continue to make progress toward a safer Nova Scotia, supported by the WCB, the Department of Labour and Advanced Education, and like-minded partners across the province.

A few updates:

- A brochure was developed for small and medium businesses called, "What business owners need to know about workplace safety." The brochure has been well received by the business community, with particular positive response coming from the province's fishing communities. It's now part of the registration package for all new businesses in the province. Copies are available at wcb.ns.ca under Brochures and Publications.



- The What Matters Most social marketing campaign was expanded, along with community outreach activity in fishing, and for young workers. Research shows the advertisements are very well received by Nova Scotians, that they are understood, and that they inspire behavior change. More activity is planned this fall including hosting the second annual Leadership Matters summit.
- New workplace health and safety webinars are being introduced for teachers through a partnership between the WCB, the new Occupational Health and Safety Education and Outreach division with the Department of Labour and Advanced Education, the Department of Education and Early Childhood Development and the Nova Scotia Virtual School. Teachers who deliver occupational health and safety curriculum in grade nine to grade 12 courses will be invited to log-in to the Nova Scotia Virtual School in the fall to take part.

Keep up to date on all the latest at workplacesafetystrategy.ca. ■

Mainstay Awards – Call for Submissions

The call for submissions for the 2014/2015 Mainstay Awards began in September. Submissions will be accepted through to January 31st, 2015 with judging and site visits taking place between February and April. The Awards will be handed out at a gala luncheon during NAOSH Week in May of 2015. ■

Workplace Safety and Insurance System Annual Meeting

Over 100 stakeholders, partners and interested Nova Scotians attended the annual meeting of the Workplace Safety and Insurance System in May. Elaine Sibson, Chair, WCB Board of Directors and Duff Montgomerie, Deputy Minister, LAE provided an overview of the system's performance and key initiatives from 2013. ■

Coming soon to a desktop or mobile screen near you... an updated wcb.ns.ca, with improved accessibility and navigation based on consultation with our target audiences. Watch for it this fall.

Leadership Matters 2.0

The Workers' Compensation Board and the Department of Labour and Advanced Education will once again be hosting a "Leadership Matters" conference on Safety Leadership in the workplace. The event is another initiative coming out of the Workplace Safety Strategy, with this year's theme focusing on how workplace safety is good for business, and for Nova Scotia's economy. The event will reach out to senior leaders across the province and be held at the Westin Nova Scotian hotel on the morning of December 3rd.

That afternoon, WCB and LAE will also host a session for leaders and organizations representing small and medium business in Nova Scotia. Invited attendees will take part in information sessions that will target the unique workplace safety challenges and opportunities for smaller organizations. ■



RECOGNIZING EXCELLENCE IN HEALTH AND SAFETY

The 2015 Mainstay Awards program is now accepting submissions. For more information, please visit MainstayAwards.ca.



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WORKERS' COMPENSATION BOARD OF NOVA SCOTIA



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