

Report to the Community

third quarter 2015

Leadership matters in workplace safety

Results in time-loss injury and time lost to work underscore need for continued progress



Moderated by Danny Graham, CEO, Engage Nova Scotia, a strong panel of Nova Scotia leaders discussed the role of workplace safety in the Nova Scotia of tomorrow at Leadership Matters 2015: A Workplace Safety CEO Summit.

Everyone has a responsibility when it comes to workplace safety – but leaders have a particularly important role in fostering a safety culture.

Leaders at all levels have direct influence to build and sustain a safety culture. It's why a focus on leadership is one of the key pillars of Nova Scotia's Workplace Safety Strategy. Leaders across Nova Scotia must do all they can to make workplaces safe, and to foster timely, safe return to work when injury does occur.

Great leaders recognize that workplace safety is fundamental to good business. Safe employees are happy, healthy and productive employees, and the most important thing, above all, is that they go home safely at the end of the day.

But the path to long-term improvement isn't always an easy one. Sometimes, there are short-term challenges. As we reach the third quarter of 2015, we are encountering challenges in our continued journey to reduce the human and economic impact of workplace safety in our province.

*See **Leadership** continued on page 2*

Leadership continued from page 1

Overall, there has been incredible progress over the last several years. Particularly in serious injuries, fewer people are hurt on the job today than has historically been the case – a decade ago, more than 30% more people suffered a time-loss injury annually.

But, 2015 continues to unfold differently than we expected. We are encountering realities that are different than we had anticipated, and some measures are not showing the pace of improvement we had hoped. Significant progress some sectors have seen is being counterbalanced by declines in other sectors. In particular, there are challenges in workplace injury’s impact in long term care and home care, and the continued impact of a higher-than-usual number of slips, trips and fall injuries from last winter.

There are also more time-loss days in our system than expected due to more than anticipated claims returning to our system from external appeals. The injury rate has remained stable in the third quarter, but as we approach year end we will continue to monitor this measure, which is affected by changes in the workforce.

Overall, on the whole, there is continued progress. While there may be short-term challenges, the long-term path of improvement must continue. Over time, our strategies and the changes we are making to our business will position us to continue the long-term success in reducing the human and economic impact of workplace injury. ■

Our Service Evolution

Our 2016-2020 Strategic Plan sets a course for modernization.

Stakeholders have told us, very clearly, that we need to improve our systems. Our base systems are more than two decades old, and are at risk of not performing the way we need them to into the future.

Some changes are already in place, and others will come in the future.

As of early December 2015, direct deposit is now available to workers, for more types of benefits. This means that workers receive their eligible benefits quickly, securely, and with fewer delays that can often come with paper based cheques. We have also improved our phone system. Workers, employers and service providers can access a number of self-serve options at any time, 24/7.

These changes are signs of even more important shifts to come as we continue to evolve our technology and processes and begin to deliver on the modernization goals outlined in our new 2016-2020 Strategic Plan.

In 2016, we will add online portals and other online capabilities for workers, employers and service providers, building on the employer account access that exists today. The total cost of this 2016 investment is budgeted at \$11 million. In the future, we will explore improvements to the core claims and employer assessment systems, which will require significant investment.

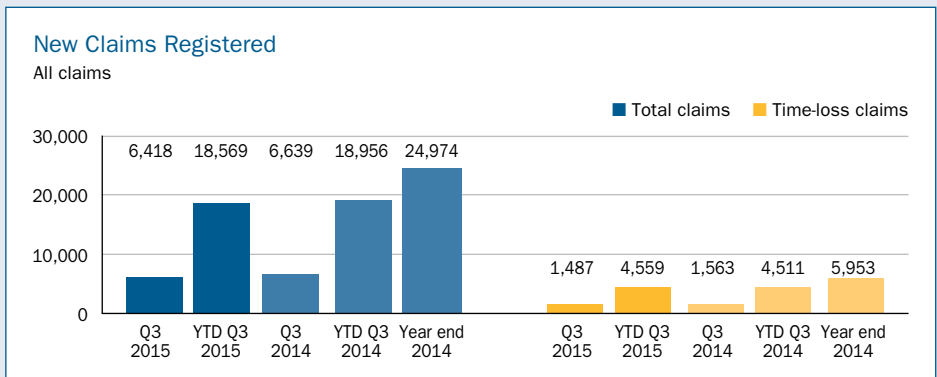
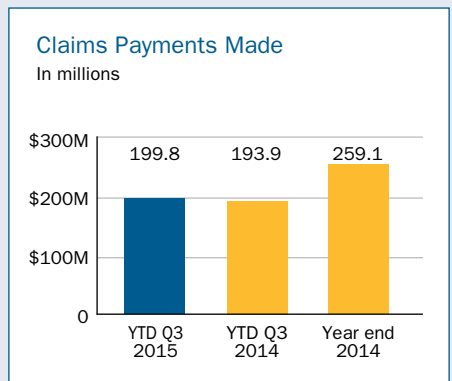
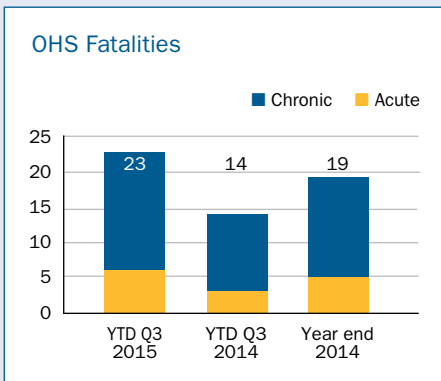
Transforming our business to meet the needs of those we serve and to accomplish our business goals focused on reducing the impact of workplace injury on our province is a significant investment.

Every piece is carefully considered and prioritized to focus on areas with the greatest impact on our long-term goals. ■

Statement of Financial Position

as at:

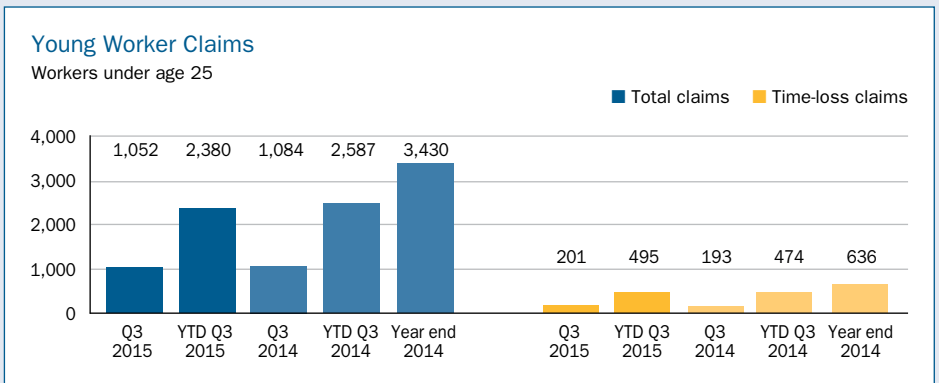
	September 30 2015 (Unaudited) (\$'000s)	September 30 2014 (unaudited) (\$'000s)	December 31 2014 (audited) (\$'000s)
Assets			
Cash & cash equivalents	\$ 3,748	\$ 9,401	\$ 3,804
Receivables	18,197	22,507	25,378
Investments	1,496,495	1,450,244	1,476,748
Property and equipment	4,208	4,325	4,402
Intangible assets	786	822	917
	\$ 1,523,434	\$ 1,487,299	\$ 1,511,249
Liabilities and unfunded liability			
Payables and accruals	\$ 32,062	\$ 31,311	\$ 33,801
Lease liabilities	106	192	171
Post employment benefits	29,847	23,852	28,158
Benefits liabilities	1,922,219	1,914,550	1,903,556
	1,984,234	1,969,905	1,965,686
Deferred revenue	8,817	16,679	-
Unfunded liability	(469,617)	(499,285)	(454,437)
	\$ 1,523,434	\$ 1,487,299	\$ 1,511,249



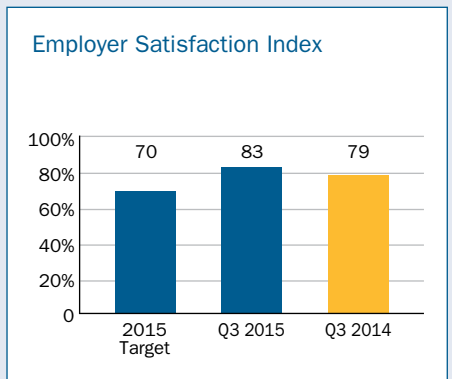
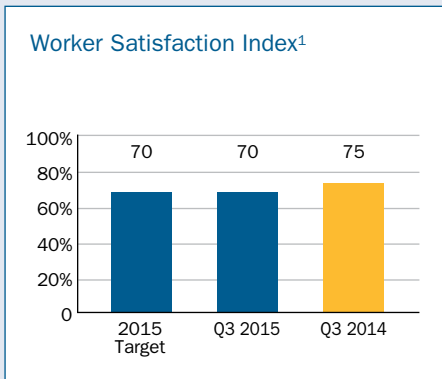
Statement of Operations

for the nine months ended September 30 (unaudited)

	Third Quarter 2015 (\$000s)	Third Quarter 2014 (\$000s)	YTD Sept. 30 2015 (\$000s)	YTD Sept. 30 2014 (\$000s)
Revenue				
Assessments	\$ 75,888	\$ 71,665	\$ 223,020	\$ 216,073
Investment income	(56,595)	9,566	19,925	108,665
	19,293	81,231	242,945	324,738
Expenses				
Claims costs incurred				
Short-term disability	10,648	10,252	31,262	29,635
Long-term disability	25,169	24,557	76,399	76,011
Survivor benefits	1,948	3,043	4,120	5,333
Health care	14,080	14,852	42,415	42,617
Rehabilitation	267	671	756	1,138
	52,112	53,375	154,952	154,734
Growth in present value of benefits liabilities and actuarial adjustments	11,059	28,634	55,656	70,090
Administration costs	11,764	12,253	35,617	35,082
System support	211	228	658	709
Legislated obligations	3,769	3,588	11,242	11,179
	78,915	98,078	258,125	271,794
Excess of (expenses over revenues) revenues over expenses applied to (increase) reduce the unfunded liability	\$ (59,622)	\$ (16,847)	\$ (15,180)	\$ 52,944



Service



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

Statement of Changes in Unfunded Liability

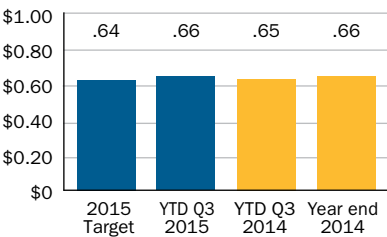
for the nine months ended September 30 (unaudited)

	Third Quarter 2015 (\$000s)	Third Quarter 2014 (\$000s)	YTD Sept. 30 2015 (\$000s)	YTD Sept. 30 2014 (\$000s)
Unfunded liability excluding accumulated other comprehensive income				
Balance, beginning of period	\$ (409,995)	\$ (482,438)	\$ (444,927)	\$(546,488)
Excess of (expenses over revenues) revenues over expenses	(59,622)	(16,847)	(15,180)	52,944
	<u>(469,617)</u>	<u>(499,285)</u>	<u>(460,107)</u>	<u>(493,544)</u>
Accumulated other comprehensive income				
No change in balance during the period	-	-	(9,510)	(5,741)
Unfunded liability end of period	<u>\$ (469,617)</u>	<u>\$ (499,285)</u>	<u>\$ (469,617)</u>	<u>\$(499,285)</u>

Financial

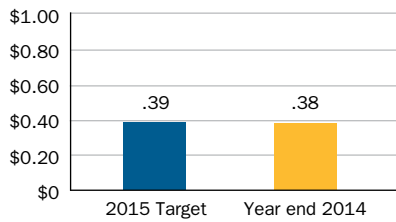
Cost Per \$100 Payroll

Claims payments made for injuries in the past 3 years



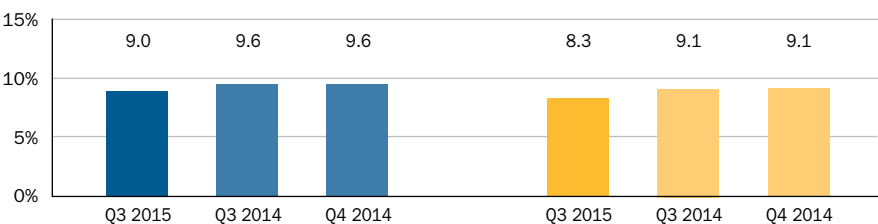
Administrative costs per \$100 of payroll

(excluding prevention costs)



Five-Year Rate of Return on Investment

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

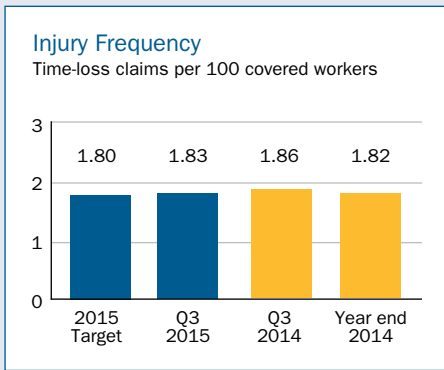


Statement of Cash Flows

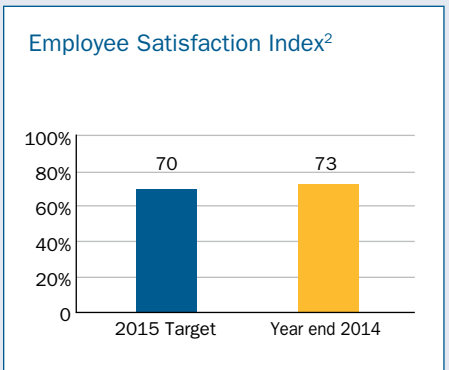
for the nine months ended September 30 (unaudited)

	September 30 2015 (\$000's)	September 30 2014 (\$000's)
Operating Activities		
Cash received from:		
Employers, for assessments	\$ 237,236	\$ 225,159
Investment income	237,590	49,112
	474,826	274,271
Cash paid to:		
Claimants or third parties on their behalf	(187,400)	(182,142)
Suppliers, for administrative and other goods and services	(49,478)	(45,202)
	(236,878)	(227,344)
Net cash provided by operating activities	237,948	46,927
Investing Activities		
Increase in investments	(237,410)	(43,006)
Cash paid for:		
Purchase of equipment	(594)	(879)
Net cash used in investing activities	(238,004)	(43,885)
Financing Activities		
Change in bank indebtedness	-	-
Net cash provided by financing activities	-	-
Net (decrease) increase in cash and cash equivalents	(56)	3,042
Cash and cash equivalents, beginning of year	3,804	6,359
Cash and cash equivalents, end of period	\$ 3,748	\$ 9,402

Prevention



Employee

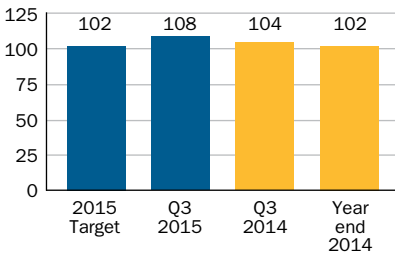


² Annual Index

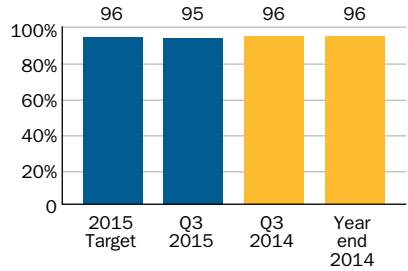
Return to Work

Duration Index

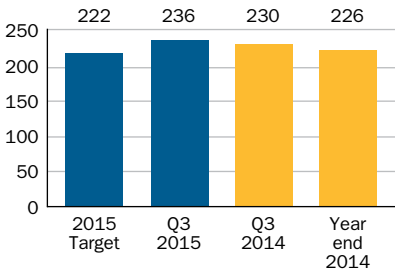
Composite, in days



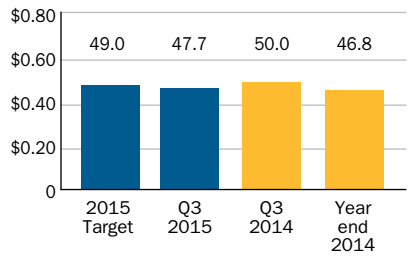
Return to Employability



Time Loss Days Paid per 100 Covered Employees



Cost of New Extended Earnings Replacement Benefits (EERBs)



Fall Federal Forum



Participants from 35 federal departments, several workers' compensation boards, and members of the Office of the Employer Advisor gathered for a day-long forum to explore ways to reduce work injury impact through leadership, engagement and partnership. The third annual Fall Federal Forum was held at the Westin Nova Scotian in Halifax and was hosted by WCB Nova Scotia on November 24th. Here, Chris Ipe, Canada Post Corporation (centre), takes the microphone during a working session.

AWCBC Learning Symposium

WCB Nova Scotia welcomed workers' compensation colleagues from across the country at the end of September when we hosted the Association of Workers' Compensation Boards of Canada (AWCBC) Learning Symposium for over 150 enthusiastic participants.



The three day symposium, appropriately named "Navigating What Matters Most," featured sessions that focused on finding and implementing the best solutions for the employers and workers we serve.

Leadership Matters Most

WCB Nova Scotia and the Department of Labour and Advanced Education are reaching to Nova Scotian business leaders to inspire and celebrate them as people in positions of influence when it comes to creating safer workplaces.

The campaign includes a video, profiles, print and online ads, and a dedicated page with links to resources at worksafeforlife.ca/leaders.

Leadership makes the difference to creating a safe and successful organization because leaders have direct influence to build and sustain a safety culture that extends beyond the boundaries of their workplaces to homes, communities and our province.

Safety Charter



Nova Scotia's first Health and Safety Leadership Charter was signed by senior executives from 30 of Nova Scotia's most prominent organizations in early October. The Charter is a visible, public commitment to safe and healthy workplaces. WCB Nova Scotia's CEO, Stuart MacLean, was among those making this commitment, recognizing health and safety as essential for a stronger Nova Scotia and long term sustainability.

WCB 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