

Report to the Community

second quarter 2016

Modernizing our service for a changing world

WCB Nova Scotia's second quarter marked by progress in prevention, challenges in claim duration, and improved service through better systems

WCB Nova Scotia continued our journey of modernization in 2016's second quarter, which was marked by a continued low injury rate, but longer, more costly claims for injuries that already occurred.

We continue investment to improve our systems and processes. We've already made many improvements and by 2017, we'll provide online service capability for workers, including access to basic claim information, submitting popular forms online, and sending and receiving secure messages. Employers will see an improved online service, where they'll be able to communicate with us electronically – something privacy risk prevents them from doing today.

We're also making changes to how we work with physiotherapists to better support return-to-work outcomes – in 2017, we'll introduce a new online service for them to complete forms and invoices, and send and receive secure messages.

As we mark 100 years of operations, we'll begin the long-term replacement of our core systems, building sustainability into our claims management and assessment systems. The systems we use today are more than a quarter century old and need to be replaced.

See **Modernizing** continued on page 2

Our modernization: An update

Today, more than 87 per cent of all benefit payments to workers are made through direct deposit – avoiding disruption due to weather or postal delays.



Updated phone systems are giving more workers and employers the information they need, when they need it. In August alone, more than 1,000 workers accessed information they needed after business hours.



Online employer registration continues to streamline this once paper-based, cumbersome process. Since its launch in 2015, 92 per cent of registrations have been completed online.



Learn more at wcb.ns.ca

Modernizing continued from page 1

It's all part of our long-term plan to modernize our organization, as outlined in our 2016-2020 Strategic Plan, which reflects input from workers, employers, and service providers who very clearly asked us to modernize our systems.

In addition to our modernization journey, in our second quarter we continued work to reduce the human and economic impact of workplace injury.

The injury rate remains at an all-time low, at 1.76 time-loss injuries per 100 covered workers. As the Workplace Safety Strategy reaches the midpoint of its third year, we are encouraged by this progress in Nova Scotia's safety culture.

As noted in the first quarter, challenges continue with the lasting impact of injuries that already occurred. Although overall there were fewer days lost to workplace injury, progress is slowing, and the claims we do have are longer on average. Our composite duration index

remains high. Similarly, the volume and cost of extended earnings replacement benefits remains high, and above our target. We will continue to monitor all of these measures.

Due to the sheer size and challenges in long-term care and home care, the health care industry continued to see too many workplace injuries and long durations. The long-term care and home care sectors represent the biggest opportunities for improvement, and are the focus of a strategy being developed with our partners.

Most workers and employers are satisfied with the service they receive from us, and our financial results are strong. We must stay the course to reach the outcomes we need, and that Nova Scotia needs. We must keep the long-term picture in mind and make the right investments for the system, not for today only, but for the decades ahead. ■

Operational highlights

2017 Employer rate announcement focuses on health care sector

The week of September 1st, WCB Nova Scotia notified the approximately 18,900 employers it covers of their 2017 assessment rates.

The announcement focused on long-term care and home care, where cost of workplace injury is beginning to show in 2017 rates. The two industry groups are seeing rate increases of six per cent and 13 per cent respectively. Long-term care and home care account for 30 per cent of the payroll, but 60 per cent of time-loss claims and costs in the healthcare sector overall.

Rates are dropping 16 per cent in fishing – since 2015, the industry rate for fishing has decreased a total of 32 per cent. Improvements in fishing are an example of how real change can happen when an industry comes together, as the fishing sector did in developing Fishing Safety Now, a safety action plan now being implemented by industry.

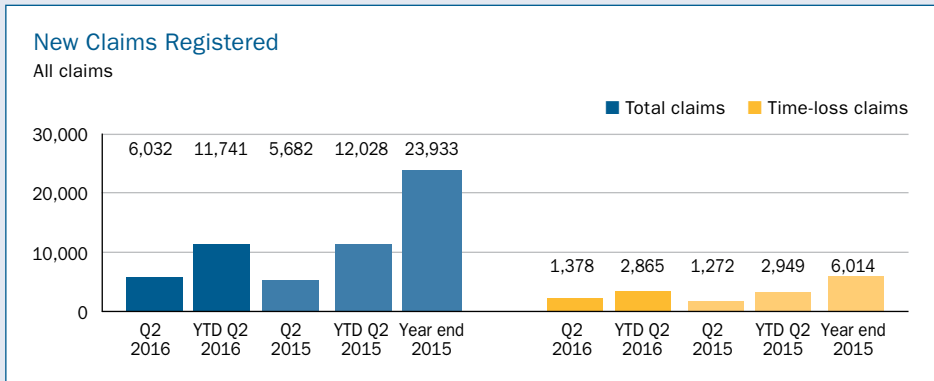
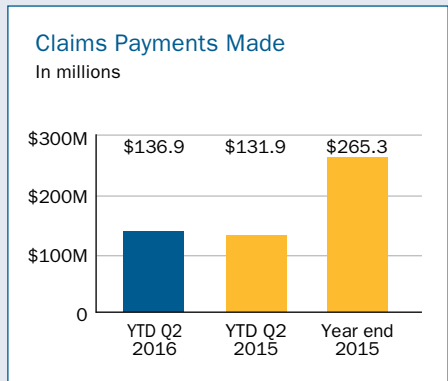
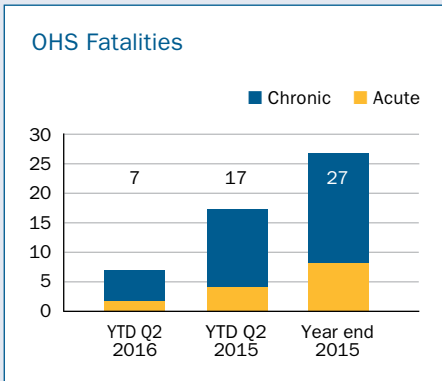
The best way for employers to reduce their claims costs is to prevent injuries in the workplace, and, if an injury does occur, support a timely and safe return to work. For full details on this year's rate announcement visit wcb.ns.ca/rates.

Long-term care is seeing a rate increase for 2017 of **6%** and home care will increase by **13%**.

Statement of Financial Position

as at:

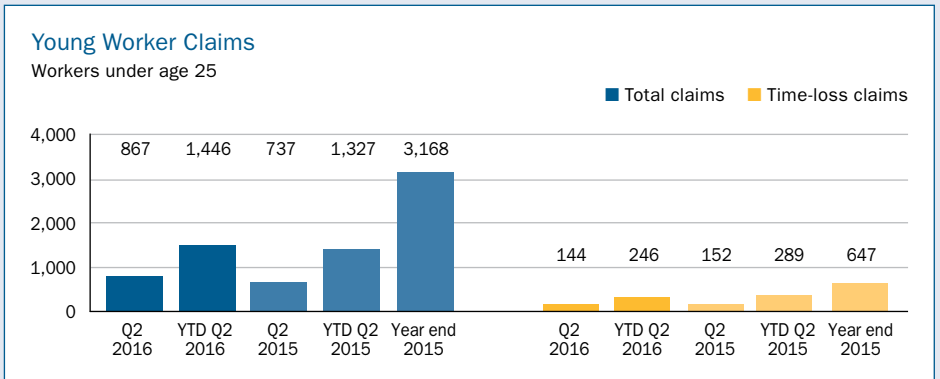
	June 30 2016 (Unaudited) (\$'000s)	June 30 2015 (Unaudited) (\$'000s)	December 31 2015 (audited) (\$'000s)
Assets			
Cash & cash equivalents	\$ -	\$ -	\$ 1,805
Receivables	22,769	26,685	28,190
Investments	1,576,390	1,553,135	1,546,039
Property and equipment	4,105	4,190	4,307
Intangible assets	1,085	830	1,184
	\$ 1,604,349	\$ 1,584,840	\$ 1,581,525
Liabilities and Unfunded Liability			
Bank indebtedness	\$ 3,950	\$ 5,025	\$ -
Payables and accruals	31,677	27,081	37,443
Lease liabilities	53	128	83
Post employment benefits	27,654	29,292	26,804
Benefits liabilities	1,922,357	1,924,256	1,899,061
	1,985,691	1,985,782	1,963,391
Deferred revenue	7,704	9,053	
Unfunded liability	(389,046)	(409,995)	(381,866)
	\$ 1,604,349	\$ 1,584,840	\$ 1,581,525



Statement of Operations

for the six months ended June 30 (unaudited)

	Second Quarter 2016 (\$000s)	Second Quarter 2015 (\$000s)	YTD June 30 2016 (\$000s)	YTD June 30 2015 (\$000s)
Revenue				
Assessments	\$ 79,427	\$ 74,959	\$ 152,605	\$ 147,133
Investment income	33,050	(13,214)	30,551	76,519
	112,477	61,745	183,156	223,652
Expenses				
Claims costs incurred				
Short-term disability	10,257	10,377	20,657	20,614
Long-term disability	26,127	25,745	51,252	51,229
Survivor benefits	1,015	834	2,113	2,172
Health care	16,634	14,562	30,388	28,336
Rehabilitation	255	171	434	489
	54,288	51,689	104,844	102,840
Growth in present value of benefits liabilities and actuarial adjustments and adjustment for latent occupational disease	29,516	29,752	50,051	44,597
Administration costs	14,442	12,064	27,075	23,853
System support	249	217	484	447
Legislated obligations	3,944	3,796	7,882	7,473
	102,439	97,518	190,336	179,210
Excess of revenues over expenses (expenses over revenues) applied to reduce (increase) the unfunded liability	\$ 10,038	\$ (35,773)	\$ (7,180)	\$ 44,442



Statement of Changes in Unfunded Liability

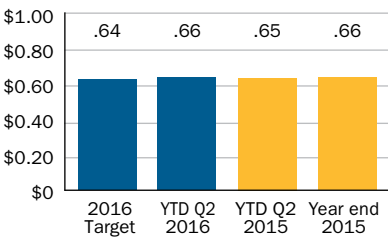
for the six months ended June 30 (unaudited)

	Second Quarter 2016 (\$000s)	Second Quarter 2015 (\$000s)	YTD June 30 2016 (\$000s)	YTD June 30 2015 (\$000s)
Unfunded liability excluding accumulated other comprehensive income				
Balance, beginning of period	\$ (399,084)	\$ (374,222)	\$ (376,017)	\$ (444,927)
Excess of revenues over expenses (expenses over revenues)	10,038	(35,773)	(7,180)	44,442
	(389,046)	(409,995)	(383,197)	(400,485)
Accumulated other comprehensive income				
No change in balance during period	-	-	(5,849)	(9,510)
Unfunded liability end of period	\$ (389,046)	\$ (409,995)	\$ (389,046)	\$ (409,995)

Financial

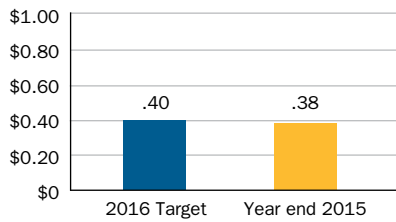
Cost Per \$100 Payroll

Claims payments made for injuries in the past 3 years



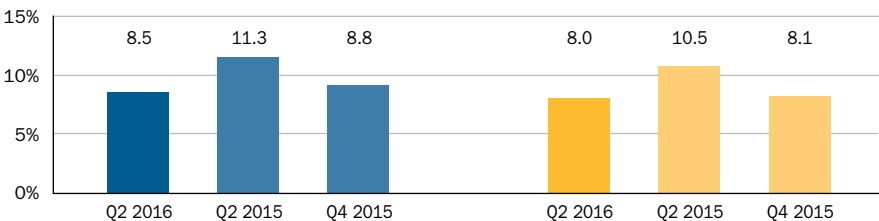
Administrative costs per \$100 of payroll

(excluding prevention costs)



Five-Year Rate of Return on Investment

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

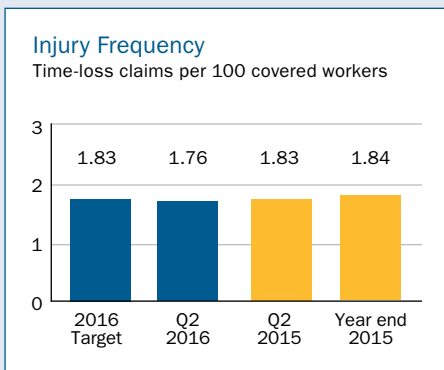


Statement of Cash Flows

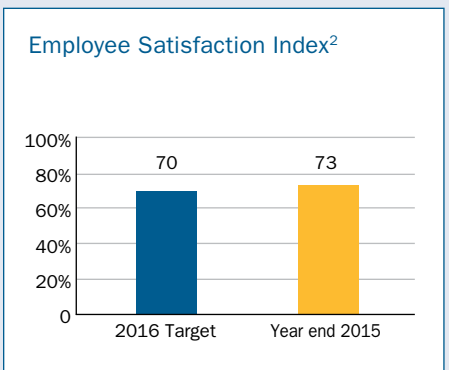
for the six months ended June 30 (unaudited)

	June 30 2016 (\$000s)	June 30 2015 (\$000s)
Operating Activities		
Cash received from:		
Employers, for assessments	\$ 164,302	\$ 153,726
Investment (loss) income	(17,358)	245,301
	146,944	399,027
Cash paid to:		
Claimants or third parties on their behalf	(128,509)	(123,810)
Suppliers, for administrative and other goods and services	(41,420)	(38,581)
	(169,929)	(162,391)
Net cash (used by) provided by operating activities	(22,985)	236,636
Investing Activities		
Increase (decrease) in investments	17,556	(245,161)
Cash paid for:		
Purchase of equipment	(326)	(304)
Net cash provided by (used in) investing activities	17,230	(245,465)
Financing Activities		
Change in bank indebtedness	3,950	5,025
Net cash provided by financing activities	3,950	5,025
Net (decrease) in cash and cash equivalents	(1,805)	(3,804)
Cash and cash equivalents, beginning of year	1,805	3,804
Cash and cash equivalents, end of period	\$ -	\$ -

Prevention



Employee

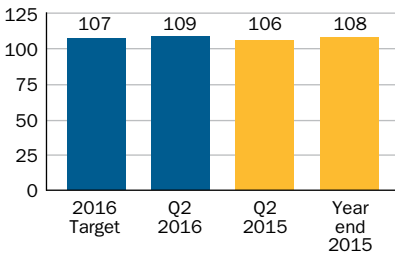


² Annual Index

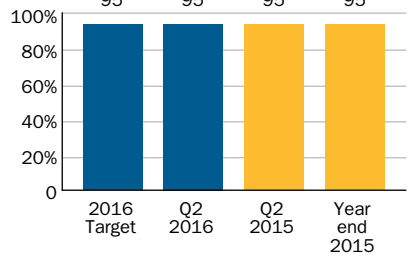
Return to Work

Duration Index

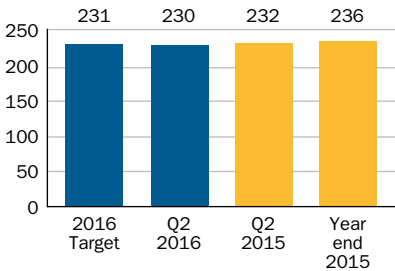
Composite, in days



Return to Employability

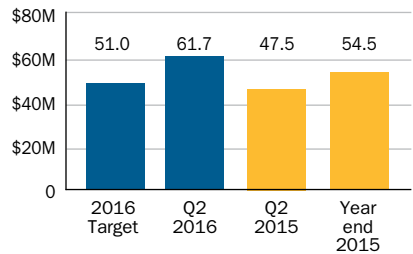


Time Loss Days Paid per 100 Covered Employees



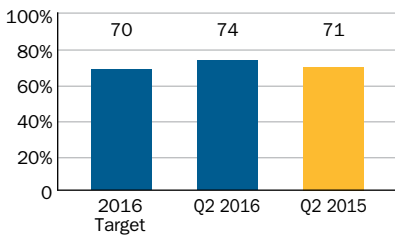
Cost of New Extended Earnings Replacement Benefits (EERBs)

In millions

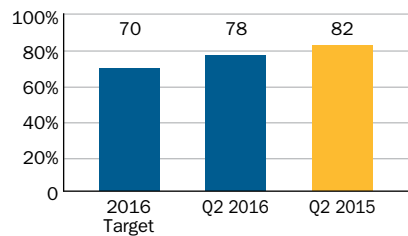


Service

Worker Satisfaction Index¹



Employer Satisfaction Index



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



Stuart MacLean elected to Chair AWCBC

Stuart MacLean will take over as Chair of the Association of Workers' Compensation Boards of Canada (AWCBC). The Chair of AWCBC

is elected by the Association's Board of Directors, and acts as Chair for both the Board and the Executive Committee. The two-year term began in June. AWCBC was founded in 1919 as a non-profit organization to facilitate the exchange of information between Workers' Compensation Boards and Commissions.

Health and Safety Leadership Charter Conference

Since 30 leaders signed the initial Health and Safety Leadership Charter in October 2015, 25 new senior executives have signed on. They've made a visible, public commitment to safe and healthy workplaces, recognizing that health and safety is essential for a strong and sustainable Nova Scotia.

The group is hosting the first-ever Nova Scotia Health and Safety Leadership Charter Annual Conference at Pier 21 on November 9th. With a focus on mental health in the workplace, the event promises to be a thought provoking morning.

Nova Scotia Mental Health and PTSD Conference

From October 31st to November 4th, WCB Nova Scotia is pleased to co-host the Nova Scotia Mental Health and PTSD Conference, along with the Department of Labour and Advanced Education and the Tema Center Memorial Trust.

The event will raise awareness of the importance of mentally healthy workplaces. Delegates will learn mitigation strategies to prevent psychological workplace injury, with a particular focus on supports available to first and emergency responders, and others who are at a higher risk of psychological injury. A range of workplaces where the risk of psychological injury is higher will be invited to participate.

Retail, food and beverage industry symposium

In early June, 80 senior leaders and safety champions from the retail, food and beverage sector attended a one-day symposium hosted by WCB Nova Scotia. Delegates heard from employers, regulators, and others with a role to play in making this industry a safer place to work, with an emphasis on improving return-to-work programs and injury prevention.

WCB Nova Scotia CEO Stuart MacLean speaks to Occupational Therapist Marybeth Fleming at the Retail, Food and Beverage symposium.



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