
***Being Accountable: Working Toward Healthy
and Safe Workplaces in New Brunswick***



Third Quarter Results 2006

Our Vision

Healthy and safe workplaces in New Brunswick

Our Mission

The Commission will promote a safe and healthy work environment to the workers and employers of New Brunswick, and efficiently provide quality services, just adjudication, and fair administration of the legislation.

Our Mandate

Promote the creation of a workplace culture in which all employers and workers view all occupational diseases and accidents as being preventable.

Provide sustainable insurance and insurance-related services to the employer community.

Provide timely compensation benefits including rehabilitation, medical aid, vocational counselling, and safe return-to-work services to injured workers.

Provide recommendations and advice to government with respect to legislation and publish such reports, studies, and recommendations, as the Commission considers advisable.

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Upcoming Events

The Commission offers public workshops throughout the province for both employers and workers. These workshops provide educational opportunities on health and safety topics, as well as information on topics such as rate setting and claim adjudication. For more information on these workshops, please visit www.whscc.nb.ca or call 1-800-222-9775.

October

- October 22-24, 2006 – Health and Safety Conference

November

- WHSCC – Supervisors and Due Diligence
- WHSCC – JHSC Core Training

* Note: Information contained in this report is for the three-month period ended September 30, 2006.

Our Values

We dedicate ourselves to the provision of prompt, effective, efficient, and caring services to each of our clients.

We believe that a team approach ensures that all members of the Commission are working towards a shared Vision, Mission, Values, and Goals.

We are committed to providing competent and energetic leadership that is focused on a clear direction for the Commission.

We ensure that our decisions are made with integrity, credibility, and accountability.

We ensure that our communications are based on trust, mutual respect, openness, and clear and reliable information.

We manage our human, material, and financial resources effectively in responding to our mandate and established priorities.

For more information on the contents of this report, please call the Commission at 1-800-222-9775

Introduction

In August 2006, the WHSCC Board of Directors approved its *2006-2011 Strategic Plan and Risk Assessment*. The plan consists of five strategic goals; eight strategies to further the achievement of those goals; and a series of mechanisms to control risks facing the Commission.

Consistent with the Board of Directors' strategic plan and continuous pursuit of excellence in governance, the purpose of this quarterly accountability document is to provide a regular update of the Commission's progress in achieving its goals.

The three key areas of the report include:

- 1. Goals and Measures: Third Quarter Results** – This section provides quarterly quantitative results of the measures and other corporate indicators relating to each of the five strategic goals. The most recent five-year results are presented throughout this section.
- 2. Resourcing the Goals: Update on Programs and Activities** – In this section, the eight strategies resourced by the Board of Directors to achieve its goals are expanded upon by program and activity updates. A description of the strategies can be found in the *2006-2011 Strategic Plan and Risk Assessment*.
- 3. Volume Indicators and Key Financial Information** – This section provides a quarterly update on volume indicators (i.e., claim volumes and Workers' Rehabilitation Centre volumes) and a summary of the year-to-date Statement of Operations and Cash Flow.

Goals and Measures

Third Quarter Results



This section provides quarterly quantitative results of the measures and other corporate indicators relating to each of the five strategic goals. The most recent five-year results are presented throughout this section.

Safety Goal



Goal

Our vigorous pursuit of a safe work culture will lead to a decline in the overall frequency of accidents and a significant decline in the overall frequency of accidents in industries and firms where our resources are focused.

Measure

A decline in the overall accident frequency rate:

1. Within the province
2. Compared to other workers' compensation jurisdictions
3. By payroll
4. By industry sectors

A significant decline in the accident frequency rate of each:

5. Focus industry over the most recent five-year period
6. Focus firm over a five-year period based on years of involvement

| Safety Measures (As of July 31, 2006) ¹ | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|---------|---------|---------|---------|---------|
| 1. Provincial accident frequency per 100 FTEs ² | 4.10 | 3.97 | 3.59 | 3.50 | 3.68 |
| 2. Lost-time accident frequency per 100 FTEs within | | | | | |
| New Brunswick | 1.80 | 1.59 | 1.47 | 1.30 | N/A |
| National Average | 3.13 | 2.96 | 2.72 | 2.61 | N/A |
| 3. Average accident costs per \$1 million of payroll (all accidents) ⁴ | \$2,748 | \$2,495 | \$2,551 | \$2,288 | \$2,604 |
| 4. Accident frequency by industry sector per 100 FTEs ⁴ | | | | | |
| Agriculture, Natural Resources | 5.36 | 4.50 | 3.91 | 4.00 | 4.50 |
| Manufacturing, Light | 8.36 | 7.80 | 7.54 | 7.21 | 7.44 |
| Manufacturing, Heavy | 9.76 | 7.64 | 9.08 | 8.33 | 8.92 |
| Manufacturing, Metal and Machinery | 8.74 | 9.55 | 8.81 | 7.42 | 7.19 |
| Construction | 4.30 | 3.58 | 3.91 | 3.99 | 3.97 |
| Wholesale Trade | 2.84 | 1.16 | 2.51 | 2.44 | 2.56 |
| Retail Trade | 2.45 | 1.95 | 2.09 | 2.23 | 2.73 |
| Finance and Insurance | 0.93 | 0.96 | 0.81 | 0.69 | 0.87 |
| Government, Education, and Health | 3.41 | 3.31 | 3.01 | 2.90 | 2.74 |
| Accommodation and Amusement | 2.22 | 2.53 | 2.30 | 2.09 | 2.27 |
| 5. By focus industry per 100 FTEs (All accidents as of July 31, 2006) ⁴ | | | | | |
| Logging industry (except contract logging) | 5.82 | 4.56 | 4.06 | 3.90 | 4.34 |
| Homes for personal and nursing care | 8.82 | 8.32 | 7.11 | 8.02 | 6.81 |
| Sawmills and planing mill products (except shakes and shingles) | 16.41 | 17.68 | 14.77 | 14.17 | 16.40 |
| Fish processing industry | 6.34 | 5.17 | 4.74 | 4.86 | 5.53 |
| 6. By focus firms per 100 FTEs (All accidents by year selected as focus firm) ⁴ | | | | | |
| Firms selected 2002 | 16.74 | 21.33 | 15.16 | 22.87 | 15.09 |
| Firms selected 2003 | 15.63 | 15.41 | 14.37 | 17.11 | 14.65 |
| Firms selected 2004 | 9.10 | 10.91 | 13.92 | 15.56 | 17.53 |
| Firms selected 2005 | -- | 12.70 | 13.12 | 10.79 | 16.19 |
| Total | 15.71 | 17.04 | 13.96 | 16.92 | 15.26 |
| 1. Accident frequencies are calculated for the previous calendar year; therefore 2006 data will be calculated and reported in 2007. | | | | | |
| 2. Source: Internal data – Corporate Services September 2006 | | | | | |
| 3. Source: AWCBC Key Statistical Measures. Please note that New Brunswick has a three-day waiting period. Therefore, the number of lost-time claims listed in this report may not reflect every lost time injury. | | | | | |
| 4. Source: Internal data - WorkSafe Services | | | | | |

Service Goal



Goal

We will provide prompt, effective, efficient, just, fair, and caring services to each of our clients.

Measure

The client satisfaction result will be at least as high as the most recent five-year average by client group.

| Service Measure | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|------|------|------|------|------|------|
| Satisfaction Indices (Weighted) | | | | | | |
| Injured Workers | 83% | 81% | 81% | 87% | 82% | -- |
| Registered Employers | 86% | 85% | 86% | 85% | 84% | -- |
| Source: WHSCC Client Satisfaction Study 2005 | | | | | | |

| Other related corporate indicators – Days to First Cheque ¹ | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|------|------|------|------|------|
| All Claims (YTD) | 28.8 | 27.8 | 28.1 | 26.8 | 27.4 |
| Manageable Claims (YTD) | 16.9 | 16.7 | 16.3 | 15.0 | 16.4 |
| <p>1. Source: Internal data – Corporate Indicators September 2006</p> <p>2. Days to first cheque, is a measure of the average number of days between the creation of the claim and issuance of the first cheque. Manageable claims excludes claims that:</p> <ul style="list-style-type: none"> • Are filed late (more than ten working days after the accident date when the Commission first received documentation of the claim); • Are accepted initially as a no lost-time claim; • Are accepted as part of an Appeals Tribunal decision; • Involve third-party action; and • Require special investigation, such as occupational disease, fatalities, and pre-existing conditions. | | | | | |

Return to Work Goal



Goal

We will decrease the time by which injured workers return or are ready to return to employment.

Measure

Five-year comparison of the percentage of all injured workers who received lost-time benefits and:

- Return to work within a range of days
- Were fit to return to work within a range of days but were not working

Return to Work Measures (As of September 30, 2006)^{1,2,3,4}

| No. of days | Q3 - 2006 | | Total Third Quarter 2006 | Total Third Quarter 2005 |
|-------------|-----------|-----------------------|--------------------------|--------------------------|
| | RTW | Ready but not working | | |
| 20 | 55.2% | 0.2% | 55.4% | 51.5% |
| 80 | 68.6% | 1.5% | 70.1% | 66.2% |
| 130 | 72.1% | 1.7% | 73.8% | 70.1% |
| 260 | 87.3% | 4.5% | 91.8% | 90.6% |
| 520 | 89.7% | 5.0% | 94.7% | 93.1% |

1. Source: Internal data – WorkSafe Services Division. The return to work status is based on accident year and includes lost-time claims based on the number of calendar days until the first closure of the file. Concurrent and consecutive openings are treated as part of the original opening and are used to determine the first closure date of the file. A concurrent opening is one that overlaps with the initial loss of earnings period, while a consecutive opening occurs when a claim is re-opened within 21 days of its closure for loss of earnings.

2. Number of days from accident to closure of claim for lost-time claims, closed in 2006.

3. Due to other data not included in total figures, numbers for total return to work will not correlate.

4. Measures are based on an accident year of 2005 for 260 days and 2004 for 520 days.

| Other return to work indicators | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|-------|-------|-------|-------|-------|
| Return to work of longer-term claims ^{1,2} | | | | | |
| Returned to work | 79.6% | 78.4% | 79.2% | 82.0% | 82.3% |
| Ready to return to work, not employed | 16.2% | 16.7% | 16.8% | 15.2% | 14.2% |
| Unable to return to work | 4.2% | 4.9% | 3.9% | 2.8% | 3.5% |

1. Source: Internal data – Corporate Indicators September 2006

2. Return to work status information is only available for case-managed claims. Typically, these are claims that have a duration of more than six weeks.

| Other related corporate indicators ¹ | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|-------|-------|-------|-------|-------|
| Lost-time claims finalled (YTD) | 3,825 | 3,900 | 4,082 | 4,185 | 4,040 |
| Average days paid to date – finalled claims (YTD) | 141.4 | 140.0 | 138.2 | 140.8 | 150.7 |

1. Source: Internal data – Corporate Indicators September 2006.

Efficiency Goal



Goal

We will hold the assessment rates to employers at the lowest level possible, consistent with the best possible benefits to clients.

Measure

At a minimum, we will maintain a fully funded liability.

| Efficiency Measure ¹ | 2001 | 2002 | 2003 | 2004 | 2005 |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|
| Liabilities ('000s) | \$680,319 | \$735,789 | \$786,041 | \$842,084 | \$899,878 |
| Assets ('000s) | \$673,746 | \$694,123 | \$725,887 | \$832,256 | \$920,221 |
| Funding Ratio | 99.0% | 94.3% | 92.3% | 98.8% | 102.3% |

1. WHSCC Annual Report 2005

Staff Satisfaction Goal



Goal

Our employees will consider the Commission a good place to work.

Measure

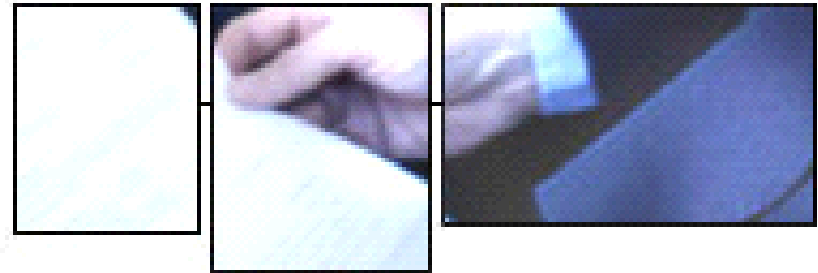
When compared with the most recent three-year average, the employee annual satisfaction survey will produce a consistently high rating. In addition, other indicators that will be measured in support of the objective and compared to the most recent five-year average include:

1. Absenteeism
2. Internal promotions
3. Health and safety
4. Staff turnover

| Staff Satisfaction Measures ¹ | 2002 | 2003 | 2004 | 2005 | 2006 |
|--|------|------|------|------|------|
| Staff Satisfaction ² | 92% | 87% | 94% | 87% | -- |
| 1. Absenteeism (YTD - days absent) ³ | 10 | 8.57 | 7.65 | 6.52 | 5.91 |
| 2. Internal Promotions (YTD) | 28 | 15 | 15 | 13 | 8 |
| Bargaining ⁴ | 13 | 8 | 9 | 7 | 2 |
| Non-bargaining ⁴ | 15 | 7 | 6 | 6 | 6 |
| 3. Health and safety | | | | | |
| Total of accepted claims for Commission staff (YTD) ⁵ | 18 | 14 | 11 | 15 | 12 |
| 4. Staff turnover (YTD) | 4.7% | 6.0% | 5.2% | 3.6% | 4.4% |
| <ol style="list-style-type: none"> 1. Source: Internal data – Human Resources 2. Percentage of staff indicating WHSCC is a “good place to work” 3. Absenteeism = Total days absent / (actual yearly budgeted - vacant positions) 4. Numbers reflect promotions due to salary increases into or between bargaining and non-bargaining positions. 5. The number of accepted claims reported in any quarter can change because of late adjudication. Any claims accepted outside the quarter in which they occur are noted in the next quarterly report. | | | | | |

Resourcing the Goals

Update on Programs and Activities



A full-length version of the strategies can be found in the *2006-2011 Strategic Plan and Risk Assessment*. These strategies assist the Commission in achieving the goals, through the resourcing of its programs and activities.

Achieving Our Goals: Eight Strategies

1

Leveraging best practices in prevention, compensation, and rehabilitation

By adopting best practices that have been proven to further our goals and create a safety culture, the Commission can lower its costs, increase revenue, and offer improved services.

2

Knowing New Brunswick workplaces

A sound understanding of New Brunswick workplaces allows the Commission to meet the needs of employers and workers, while delivering services and programs that fulfill its mandate.

3

Ensuring the highest standards in governance and administration

High public expectations of the Commission require effective governance and administration. Sound corporate governance is ensured through research and establishing best practices, while balancing the implementation of the objectives with resource allocation.

4

Expecting the unexpected

By understanding the health status of New Brunswickers and preparing for new and emerging occupational diseases and pandemics, the Commission can anticipate the impact of injury and disease and the frequency of occurrence in order to meet the needs of injured workers and employers.

5

Balancing the system

The Commission oversees the administration of both the *Occupational Health and Safety Act (OHS Act)* and the *Workers' Compensation Act (WC Act)*. The compensation system pre-dates other social programs such as the Canada Pension Plan and Employment Insurance. While the *WC Act* provides benefits to injured workers and immunity from suit to employers who regularly have more than three workers, the *OHS Act* covers all employers and workers in the province. The dual system requires a solid legislative foundation to ensure the needs of both workers and employers are met.

6

Purchasing the right medical services, by the right provider, at the right cost

As the cost of health care continues to rise, so does the cost to provide medical treatment. The Commission understands that timely access to the right care, by the right provider, at the right cost is increasingly important in assisting in return to work and minimizing economic loss for both injured workers and employers.

7

Creating long term sustainability

Managing risk and establishing financial strategies to reduce the impact of volatile investment markets, ensures that the compensation system is viable for the years ahead.

8

Educating New Brunswickers

By providing injured workers, employers, and the public with knowledge of the Commission, its legislation, and its policies, they can contribute to the prevention of workplace accidents and promote early and safe return to work. Knowledge allows workers, employers, and stakeholders to understand the benefits and services available.

Safety Goal: Third Quarter Highlights

- As of September 30, 2006, the Chief Compliance Officer (CCO) reported 25 variances¹ and 44 deviations² were requested year-to-date to the *Occupational Health and Safety Act (OHS Act)*; and
- The CCO received 12 appeals on orders written by Occupational Health and Safety Officers.

¹A variance can be requested by employers to reduce the frequency of JHSC meetings where the nature of the employment presents low risk to the health and safety of employees in the workplace.

²Under section 3(3) of the *OHS Act*, an employer can apply in writing to the CCO for authorization to deviate from any provision of the OHS regulations.

Strategy 1: Leveraging best practices in prevention, compensation, and rehabilitation

Policy No. 24-210 Occupational Health and Safety Demerits states that employers receiving a demerit are required to pay an additional employer assessment when the Commission determines that there has been non-compliance with the *OHS Act*.

Zero tolerance means the Commission enforces laws or penalties on even minor infringements of the legislation in order to reinforce its overall importance. Effective July 1, 2006, the Commission expanded its zero tolerance initiative with the addition of fall protection. Thirty-nine fall protection stop work orders were issued since the introduction of this initiative.

Prosecution of violations to the *OHS Act* continued in the third quarter 2006. This quarter one employer entered a guilty plea to Provincial Court for failing to ensure that systems of work and tools were maintained and in good condition. The employer was fined \$3,000.

When a worker is disciplined as a result of reporting unsafe workplace conditions, Section 24 of the *OHS Act* allows the worker to make a complaint of discriminatory action. Independent arbitrators appointed by the Commission hear these complaints. In the third quarter of 2006, one complaint of discriminatory action was forwarded to an arbitrator in which a decision is pending.

Strategy 2: Knowing New Brunswick workplaces

In partnership with other provinces, the Commission has developed a new social marketing campaign to promote the "WorkSafe" brand. The goal of the campaign is to shift New Brunswickers' attitudes related to accidents from being *unavoidable* to being *unacceptable*. The Commission anticipates that the results of this campaign will lead to a reduction in accident frequency.

This quarter, as part of the social marketing campaign, a survey was conducted to compare the attitude of New Brunswickers to Canadians on the topic of work-related accidents and injuries.

New Brunswickers were slightly less likely than other Canadians to agree that workplace injuries are a serious problem and they were more likely than other Canadians to agree that workplace accidents are an inevitable part of life. Their level of agreement was comparable to other Canadians on two statements:

- 68% agreed that the right amount of attention was being paid to reduce workplace accidents and injuries; and
- 76% agreed that public awareness and education programs make them think twice about workplace accidents and injuries.

Strategy 4: Expecting the unexpected

In preparation for a possible avian flu pandemic, kits containing information related to the protection of workers and poultry flocks were distributed to approximately 90 poultry-related industries in the third quarter.

Strategy 5: Balancing the system

In the third quarter, a General Standing Committee and a Forestry Technical Committee consisting of members nominated by their associations and groups were established. The committees will make recommendations to the Board of Directors on a series of health and safety topics in the later part of 2007.

Strategy 8: Educating New Brunswickers

Youth initiatives continued to play a key role in educational efforts in provincial

schools. In this quarter, the final evaluation of the 2005/2006 school year indicated that approximately 54,400 students were provided with information on health and safety. This represents

more than ten times the number of students exposed to the program in its first year of implementation.

| Safety Goal – Update of other activities and programs in the third quarter | |
|--|---|
| Strategy 1: Leveraging best practices in prevention, compensation, and rehabilitation | |
| Trenching and Lockout | Continuing in its efforts toward zero tolerance of trenching and lockout, the Commission issued: <ul style="list-style-type: none"> • Eight stop-work orders for trenching; and • 14 stop-work orders for lockout violations. |
| Strategy 2: Knowing New Brunswick workplaces | |
| High Risk Industry Committee | The Committee reviewed underground mines, refineries, liquefied natural gas, major construction projects, and pandemic influenza. |
| Needle-stick Survey Project | The Commission continued to consult with hospital corporations and the New Brunswick Association of Nursing Homes related to the implementation of safety-engineered needles in their workplaces. |
| Strategy 8: Educating New Brunswickers | |
| General Education Workshops | In the third quarter, 253 participants attended an ergonomic workshop. Attendance was positive for this newly created workshop. |
| Health and Safety Conference | Plans continued for the preparation of the 26 th Annual Health and Safety Conference to be held in Saint John. A number of Commission staff were scheduled to present educational sessions to conference participants. |
| Publications | New publications released included: <ul style="list-style-type: none"> • Safety Talk #49 – Provides general information on health and safety; • Hazard Alert – Employees Working from Heights Need Fall Protection; and • Hazard Alert – Team Work and Communications are Vital in Woodlands Operations. |

Service Goal: Third Quarter Highlights

- The *2006-2011 Strategic Plan and Risk Assessment* was published;
- A reprint of the Workers' Guide was completed. This guide provides information on the WHSCC and its programs to injured workers;
- A press release was issued regarding the release of the *2005 Stakeholder Report*; and
- 118,076 words were translated and outstanding work amounted to 34,878 words at the end of the quarter.

Strategy 2: Knowing New Brunswick workplaces

The Commission is working on an online form for the Report of Accident or Occupational Disease (Form 67). By year-end, targeted employers will be given access to complete and submit Form 67s electronically through the Service New Brunswick website.

In the 2005 Client Satisfaction Study injured workers and registered employers were asked a series of questions related to their experience. Injured workers were asked about their contact with case management in the past year:

- 64% reported they had a telephone conversation;
- 57% received a letter;
- 20% had a face-to-face meeting; and
- 11% reported having no contact.

Registered employers reported very high satisfaction rates related to their contact with the Commission:

- 95% were satisfied with the amount of time spent with them;
- 99% were satisfied with the courtesy and politeness shown;
- 96% were satisfied that their questions were answered; and
- 91% were satisfied that they reached the person with whom they wanted to speak with.

Strategy 3: Ensuring the highest standards in governance and administration

Annually, the Board of Directors reviews fee schedules that provide benefits to injured workers. In the third quarter of 2006, several fee schedules were updated to reflect the percentage change in the Canadian Consumer Price Index including:

- Fee Schedule No. 29-510 Prescription Eyeglasses;
- Fee Schedule No. 29-550 Care Allowance; and
- Fee Schedule No. 29-557 Clothing and Footwear.

During the third quarter, the Board of Directors also reviewed Fee Schedule No. 29-551 Hearing Aids and Batteries, and Fee Schedule No. 29-555 Quality of Life Grant. These fee schedules did not change as a result of the review.

Strategy 4: Expecting the unexpected

The Commission is currently updating its business continuity plan to deal with the impact of an influenza pandemic on its business operations and ability to deliver services.

Strategy 6: Purchasing the right medical services, by the right provider, at the right cost

At the request of the New Brunswick Medical Society, the Commission will distribute a new one-page letter-sized Form 8, Physician's Initial Report. The revised form will feature a detachable employer form where the physician can note work restrictions, and limitations. It will also allow injured workers to declare their intent to file a claim.

The annual meeting of the medical directors of compensation boards across Canada was held in Fredericton in June 2006. Discussions included prescribing opioids, adjudicating firefighter claims, physician networks, electronic reporting/medical records, managing chronic pain, physician fraud and advocacy, and physiotherapy.

Service Goal – Update of Other Activities and Programs in the Third Quarter

| Strategy 2: Knowing New Brunswick workplaces | |
|---|--|
| 2006 Client Satisfaction and Stakeholder Study | Omnifacts/Bristol Research is conducting the 2006 Client Satisfaction Study to help the Commission measure satisfaction levels with service delivery. In the third quarter, more than 1,600 telephone interviews were completed with injured workers, general workers, registered employers, non-registered employers, and stakeholders. |
| Strategy 5: Balancing the system | |
| Claim Decisions Pilot Project | The Commission has begun reviewing a sample of claims being appealed by injured workers to ensure that the rationale used in the decision-making has been communicated in writing to injured workers in preparation for their appeal hearings. |
| Strategy 8: Educating New Brunswickers | |
| Speaking Engagements | The Commission receives regular requests for information related to the operations of the Commission. In the third quarter, Commission staff delivered ten presentations on topics including adjudication, assessment and rate setting, and health and safety. |
| Website and Infonet | Planning began for the development of a new Commission website that will provide improved access to safety information for stakeholders. The redesign of the legislation and policy sections on the Commission website was also explored. |

Return to Work Goal: Third Quarter Highlights

In the third quarter, the Board of Directors approved the following policies:

- *Policy No. 25-010 Personal Non-compensable Intervening Conditions During Rehabilitation*, which provides guidelines for the Commission when determining whether it is appropriate to reduce or suspend benefits in cases where injured workers experience personal non-compensable intervening conditions that may prevent them from fully participating in their rehabilitation program; and
- *Policy No. 25-070 Responsibilities in Rehabilitation*, which outlines the responsibilities of all parties who participate in the rehabilitation of injured workers. It provides recommended guidelines for situations in which parties are not fully co-operating in the rehabilitation program.

Strategy 1: Leveraging best practices in prevention, compensation, and rehabilitation

The Rehabilitation Program Development and Evaluation department (RPDE) continued its examination of claim duration as part of its decile review study. Current case management practice is being documented for the factors identified that may contribute to lengthened claim duration.

Strategy 2: Knowing New Brunswick workplaces

As part of the 2005 Client Satisfaction Study, injured workers and registered employers were asked a series of questions related to post-accident job modification and the return to work process.

Approximately one-half (51%) of injured workers reported that their employer had offered to modify the work process to allow the worker to return to work following a workplace injury, while slightly more employers (six in ten) reported offering a workplace modification.

In cases where employers reported that they offered workplace modifications, 90% indicated that injured workers accepted the proposed modifications allowing them to continue with their rehabilitation programs.

Strategy 8: Educating New Brunswickers

In the third quarter, work continued on the *Accommodation At Work* guide and pamphlets. Scheduled for completion in the fourth quarter, these documents are a joint effort between the Commission, the Human Rights Commission, and the Department of Post-Secondary Education, Training and Labour. The guide and pamphlet will assist in clarifying the duty to accommodate requirements involving

the three pieces of legislation and educate injured workers and employers on the return to work process.

Return to Work Goal – Update of Other Activities and Programs in the Third Quarter

Strategy 6: Purchasing the right medical services, by the right provider, at the right cost

| | |
|--|---|
| Primary Physiotherapy Service Providers | <p>A routine annual audit examining the performance of all injured workers who received physiotherapy treatment in 2005 commenced in the third quarter.</p> <p>A new agreement was reached following successful negotiation with the primary physiotherapy service providers.</p> |
| Work Conditioning Service Providers | The contract for the work conditioning service providers expired in the third quarter of 2006. A request for proposals established a new network of 12 providers who were selected using a standard scoring system. |
| Work Capacity Evaluation Service Providers | As the contract for these work capacity evaluation providers expires in January 2007, the annual review of these providers commenced in the third quarter. |

Efficiency Goal: Third Quarter Highlights

In the third quarter, the Board of Directors approved the following policies related to the efficiency goal:

- *Policy No. 37-100 Long Term Fiscal Strategy.* This policy outlines the principles that govern the Commission in developing its overall assessment revenue requirement and the impact on revenue determined by the financial performance of the Commission's investment portfolio; and
- *Policy No. 34-200 Investment Goals and Objectives.* This policy addresses the management of the investment fund.

Strategy 7: Creating long-term sustainability Investments

The primary goal of the investment fund is to ensure that the awarded benefits are secured. A considerable amount of the assessment revenue collected in each year is set aside to provide for the future costs of providing benefits to workers injured in the current year. This assessment revenue that has been set aside to cover future benefits costs forms the Commission's investment fund. As of September 30, 2006, the market value of the Commission's investment fund was \$822,353,279.

The Commission's investment portfolio is invested in cash, bonds and publicly traded equities listed on domestic and

foreign exchanges. The portfolio is managed in accordance with a disciplined process that is documented in the policies and directives set by the Commission's Board of Directors and management. The portfolio is managed by external investment managers. The compliance of these managers with the investment policies is monitored on a regular basis.

The Commission's Board of Directors believes that the most important factor in determining investment risk and return is the asset allocation decision (i.e. how much of the investment portfolio to allocate to the various asset classes, for example: bonds, equities and real estate). The asset mix decision is a balancing act for the Board. This is because asset mix policy, funding policy, the level and volatility of assessment rates, and the volatility of the Commission's financial results are all linked. For example, if the Board decides to lower volatility (or risk) by adopting a less volatile asset mix (more bonds) this will result in lower long-term returns, which reduces the amount of income from investments. If benefit levels are held stable, the reduction in investment income must be made up through higher assessment rates.

Current policy states that the Board will rely on periodic asset liability studies, performed by actuarial consultants, to help them set the strategic long-term asset mix. This process is designed to help the board members find the

appropriate balance between volatility and contribution level, and to help set asset mix policy and funding policy, in light of the nature of the benefits liabilities and the financial position of the Commission.

The Board recently completed an asset liability study in August of 2006. As a result of the study, the board agreed to gradually adopt a new target benchmark asset mix. The Board also agreed to make changes to the long-term fiscal strategy policy, which includes changing the target funded ratio from 105% to 110%. The asset liability study anticipates that these changes should help reduce volatility in assessment rates and in the funded status of the Commission, and they should reduce the probability of becoming underfunded. These policy changes help create long-term sustainability by reducing the impact of volatile financial markets on the Commission's financial position.

The following chart compares the actual asset mix of the investment fund as of September 30, 2006 with the strategic long-term asset mix that is documented in policy. As of this date, all asset classes except emerging markets equities were within their target ranges as defined by policy. Emerging markets equities were rebalanced to their target allocation in October, in accordance with policy.

| WHSCC Asset Mix (As of September 30, 2006) | | |
|--|-------------------|----------------------------|
| | Actual Allocation | Target (Policy) Allocation |
| Bonds | 33% | 35% |
| Canadian Equity | 18% | 17% |
| U.S. Equity | 25% | 27% |
| International (EAFE) Equity | 16% | 17% |
| Emerging Markets Equity | 6% | 4% |
| Cash | 2% | 0% |

Investment Fund Performance

The Board of Directors has adopted two performance objectives for the Commission's investment portfolio.

The first objective is to exceed the return of the Consumer Price Index (representing inflation) by at least 3.8%, on a four-year moving average basis. The rationale behind this performance measure is that it is intended to show the impact of investment performance on the funded position of the Commission. This can be measured by the difference between the total fund return and the discount rate used to value the Commission's liabilities. The discount rate is the real rate (in excess of inflation) at which the liabilities are expected to grow over time. If the return on assets is equal to the discount rate, the Commission's funded position will be unchanged. The 3.8% target in excess of inflation equals the actual discount rate.

The second performance objective is to exceed the return of the policy defined "benchmark portfolio" by 0.75% (before

fees), on a four-year moving average basis. The "benchmark portfolio" return is the return that the fund would have earned if it was passively managed with the asset mix maintained at the long-term policy targets. This performance objective is intended to show the value added (or lost) through active management.

Results

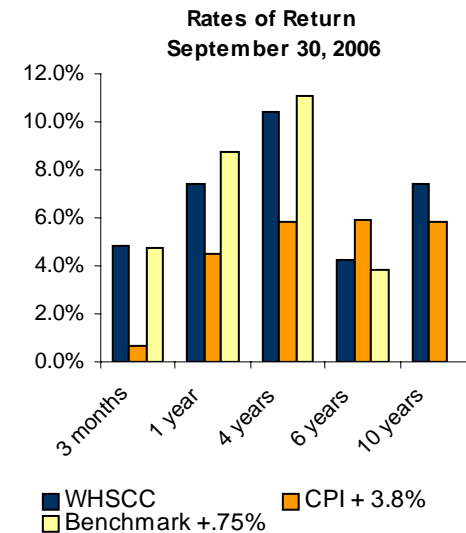
The Commission's investment portfolio outperformed its performance objective of CPI + 3.8% for the four-year period ended September 30, 2006. The portfolio's annualized return for this period was 10.4% compared with the performance objective of 5.8%. The portfolio also achieved the CPI + 3.8% target for the quarter, returning 4.8% compared with the objective return of 0.7%.

The Commission's portfolio outperformed its benchmark objective this quarter as well, and was slightly above the return of the benchmark portfolio on a four-year annualized basis. The portfolio produced a quarterly return of 4.8%, compared to 4.6% for the benchmark. For the four years ended September 30, 2006, the Commission's portfolio returned 10.4%, compared to 10.3% for the benchmark.

The illustration below depicts the fund's rate of return over various time periods relative to the two objectives outlined in the Commission's policy:

- (1) CPI +3.8%; and
- (2) The benchmark portfolio + 0.75%.

Only seven years of data is available for the second objective (relating to the benchmark portfolio).



Efficiency Goal – Update of Other Activities and Programs in the Third Quarter

Strategy 3: Ensuring the highest standard in governance

| | |
|-----------------|---|
| Internal Audits | <p>Audits completed or in progress during the third quarter included:</p> <ul style="list-style-type: none"> • Expense accounts; • Corporate credit card expenditures; • General ledger balancing; • Assessment revenue; and • Harmonized Sales Tax. |
|-----------------|---|

Strategy 5: Balancing the system

| | |
|-----------------------------------|--|
| Investigations and Payroll Audits | <p>In order to gather or verify claim-related information to assist in the determination of initial entitlement to compensation, 18 claims were investigated.</p> <p>The Commission also conducted:</p> <ul style="list-style-type: none"> • Nine investigations on active claims to determine ongoing entitlement to compensation; and • Eight third party action investigations in order to determine the feasibility of pursuing recovery of claim costs. <p>The Commission's legal department also assisted with several employer payroll audits in the third quarter.</p> |
| Fraud and Abuse | <p>As a result of its investigations, two complaints of fraud committed against the Commission were filed with local police departments.</p> <p>Educational forums related to the detection of fraud and abuse, were also presented to external investigators employed by the Commission.</p> |

Staff Satisfaction Goal: Third Quarter Highlights

- The actions identified in the 2006 Health and Safety Plan continue on schedule as approved;
- Employees were absent on average 1.69 days;
- 14 incidents were reported and investigated;
- Eight hazards were identified and corrected;
- 14 competitions closed;
- Staff turnover was 4.35%;
- Vacant positions totalled 8.11; and
- As of the end of the third quarter, there were 83 competitions opened year-to-date.

Strategy 1: Leveraging best practices in prevention, compensation, and rehabilitation

The Commission recognizes its employees may need assistance when returning to work following an absence from the workplace. Through the coordination of both the Return to Work and Disability Management Program, the Commission assisted three employees in returning to work in the third quarter.

As part of its health and safety program in the third quarter, the results of an audit of the personal protective equipment directive were analyzed. Additionally, the Joint Health and Safety Committee located in each of the office locations, delivered safety talks to staff members.

Strategy 3: Ensuring the highest standards in governance and administration

In the third quarter of 2006, the Communications department expanded the functionality of its FUSION translation software. A reference tool will be installed in the fourth quarter for bilingual staff members who regularly communicate to injured workers in French. This will ensure consistency in the terminology used in Commission documents and ensure excellence in administrative services.

Absenteeism for the third quarter of 2006 was higher at 1.69 days than the number reported for the same period of 2005 (1.49 days). Additionally, it appears that the year-to-date absenteeism total is also tracking higher at 5.91 days than the year-to-date total for 2005 (4.81 days). Although this may not be indicative of a trend, the Commission will continue to monitor absenteeism.

Staff receive annual performance reviews as part of the performance management program. Year-to-date, of the 309 employees who were scheduled to receive performance reviews, 90% of the required reviews were completed. Additional performance reviews are scheduled to continue in the fourth quarter.

The Commission is committed to the wellness of its employees. Each quarter,

the Commission sponsors a number of wellness activities for its employees including information sessions, the distribution of educational materials, and organized fitness activities.

Wellness activities conducted in the third quarter included foot exams by a registered nurse, the distribution of breast cancer self-examination instruction cards, fitness competitions, fire safety information, and healthy snack stations.

As of the end of the third quarter, a total of nineteen employees have exited the organization year-to-date:

- Eleven sought employment elsewhere;
- Two relocated with their families; and
- Six others retired.

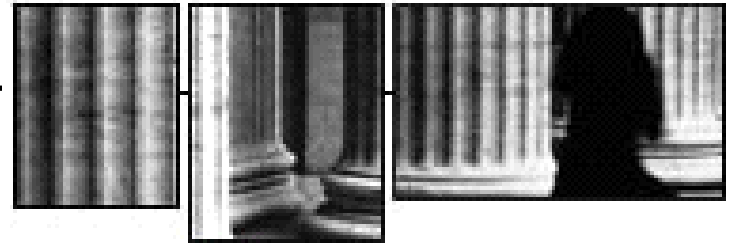
Staff Satisfaction Goal – Update of Other Activities and Programs in the Third Quarter

Strategy 3: Ensuring the highest standards in governance and administration

| | |
|-------------------------|--|
| Staffing | <p>In the third quarter 29 competitions were posted of which:</p> <ul style="list-style-type: none"> • 14 competitions were completed, nine of which for regular positions; and • Five competitions were cancelled. |
| Education and Training | <p>Courses delivered included:</p> <ul style="list-style-type: none"> • Employee orientation; • French language lessons; • Performance management; and • The Insights program with a focus on team building. |
| Labour and Compensation | A collective agreement was signed with local bargaining unit. |

Volume Indicators and Key Financial Information

Third Quarter Results



This section provides an update of claim volume indicators and admissions to the Workers' Rehabilitation Centre. Additionally, year-to-date key financial information is presented.

Volume Indicators

Corporate indicators monitor adjudication claim volumes and the management of work-related injuries. The volume may influence the efficient service delivery of claim-related services. Year-to-date numbers are reported for the five-year period ended September 30, 2006. For the most part, there is little variance noted in most of these corporate indicators.

The Workers' Rehabilitation Centre (WRC) offers various services to assist in the rehabilitation of injured workers including work recovery, vocational evaluation, and an assistive devices program.

In the third quarter, of the 117 injured workers discharged from the work recovery program, 93% indicated that they were satisfied with the program.

| Claim Volumes | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|--------|--------|--------|--------|--------|
| Claims created (YTD) | 20,313 | 20,178 | 18,854 | 19,180 | 19,029 |
| Newly accepted claims (YTD) | 9,087 | 8,932 | 8,451 | 8,864 | 8,769 |
| Lost-time claims accepted (YTD) | 4,668 | 4,644 | 4,206 | 4,762 | 4,440 |
| No lost-time claims accepted (YTD) | 4,409 | 4,283 | 4,239 | 4,096 | 4,324 |
| Fatalities | 10 | 5 | 6 | 6 | 5 |
| Average active claims (YTD) | 1,923 | 1,917 | 1,794 | 1,828 | 1,743 |
| Long-term disability claims beginning of the year | 1,869 | 2,117 | 2,226 | 2,324 | 2,338 |
| Long-term disability claims accepted (YTD) | 220 | 273 | 206 | 184 | 221 |
| Long-term disability claims finalled (YTD) | 87 | 164 | 134 | 176 | 143 |

| Workers' Rehabilitation Centre Update Third Quarter | | |
|--|------|------|
| | 2005 | 2006 |
| Admissions | 497 | 465 |
| Offsite appointments with WRC staff | 60 | 96 |
| Average number of admissions per day including in clients and appointments | 92 | 73 |
| Discharges from the Work Recovery Program | 129 | 117 |

Key Financial Information

The Statement of Operations details the Commission's income and expenses for the first nine months of 2006 compared to the budgeted figures, and to the corresponding period for the previous year. The Statement of Cash Flows details the cash received and paid for the first nine months of 2006 compared to the corresponding period for the previous year.

Assessment income for the nine-month period ending September 30, 2006 was lower than budgeted by \$1,174,000. Investment income for the same nine-month period was \$3,814,000 lower than budgeted.

Total expenses for the nine months ending September 30, 2006 were greater than budgeted by \$2,132,000. Claims costs were greater than budgeted by \$4,168,000. Administration and appeals tribunal costs were lower than budgeted by \$2,035,000 while legislative obligations¹ were on target. The above results yield an excess of income for the period of \$8,129,000 compared to a budgeted excess of income of \$15,249,000.

¹Legislative obligations consist of the following:

- Workers' advocate;
- Employers' advocate; and
- Safety association funding.

Unaudited Statement of Operations For the Nine Months Ending September 30, 2006

| | Budget YTD (000's) | Actual YTD (000's) | Previous YTD (000's) |
|---|--------------------------|--------------------------|----------------------------|
| Income | | | |
| Assessments including self-insured Investments | \$134,863 | \$133,689 | \$131,943 |
| Province of NB | 40,498 | 36,684 | 46,844 |
| | 675 | 675 | 675 |
| | \$176,036 | \$171,048 | \$179,462 |
| Expenses | | | |
| Claims costs incurred | 134,713 | 138,881 | 134,779 |
| Administration | 24,069 | 22,269 | 21,026 |
| Appeals Tribunal | 1,120 | 885 | 884 |
| Legislative obligations | 885 | 884 | 789 |
| | \$160,787 | \$162,919 | \$157,478 |
| Excess of income over (expenses) for the period | \$15,249 | \$8,129 | \$21,984 |

Unaudited Statement of Cash Flows For the Nine Months Ending September 30, 2006

| | Actual YTD (000's) | Previous YTD (000's) |
|--|--------------------------|----------------------------|
| Cash flow from operating activities: | | |
| Cash received from: | | |
| Assessed employers | \$122,141 | \$ 121,292 |
| Self-insured employers | 16,410 | 15,831 |
| Interest and dividends | 17,866 | 16,175 |
| Province of New Brunswick | 900 | 900 |
| | 157,317 | 154,198 |
| Cash paid to: | | |
| Injured workers or third parties on their behalf | 92,905 | 89,659 |
| Suppliers and employees, for administration and other services | 26,102 | 24,105 |
| | 119,007 | 113,764 |
| Net cash provided by operating activities | 38,310 | 40,434 |
| Cash flow from investing activities: | | |
| Cash received from: | | |
| Sale of investments | 155,319 | 148,304 |
| Cash paid for: | | |
| Purchase of investments | 180,624 | 174,694 |
| Purchase of capital assets | 1,284 | 776 |
| | 181,908 | 175,470 |
| Net cash (used in) investing activities | (26,589) | (27,166) |
| Increase in cash during the year | 11,721 | 13,268 |
| Cash and short-term investments, beginning of period | 21,784 | 21,255 |
| Cash and short-term investments, end of period | \$33,505 | \$34,523 |