

Minutes for Board of Directors Meeting

08/22/2019 | 09:00 AM - 04:00 PM - Atlantic Standard Time (US and Canada)

Attendees:

Douglas Jones; Haley Flaro; Lucien Sonier; Julie Marr; Gaetan Guerette; Tina Soucy; Hector Losier; James Stanley; Donna McNeill; Mike MacMullin; Mel Norton

Staff present: Sonia Lanteigne, Susan Layton

Staff present for a portion of meeting: Perry Cheeks, Crispina Caballero, Carol Veysey

August 22, 2019 - 8:30 a.m. to 4:00 p.m.

1. Adoption of Agenda

On motion duly made, seconded and carried it was unanimously resolved that:

The agenda of the Board of Directors meeting for July 18, 2019 is adopted, as presented.

2. Safety Moment

The importance of preparing your vehicle for travelling long distances before you leave was discussed, including ensuring your vehicle has a full gas tank, tire pressure is checked, etc.

3. Declaration of Conflicts of Interest

The Chairperson declared a conflict of interest with respect to items 16(b) and 16(c).

4. In-Camera Session

The Board of Directors held an in-camera session.

5. Approval of Minutes from July 18, 2019 Board Meeting

On motion duly made, seconded and carried it was unanimously resolved that:

The minutes of the Board of Directors' meeting held on July 18, 2019 are approved, as written.

6. Status of Actions Arising from the July 18, 2019 Meeting

The President & CEO reviewed the status of actions arising from prior Board meetings.

On motion duly made, seconded and carried it was unanimously resolved that:

The Status of Actions arising be received and filed.

7. Consent Agenda

On motion duly made, seconded and carried it was unanimously resolved that:

The Consent Agenda be received and filed.

8. Chairperson's Report

a. Update on Board Work Plan

The Chairperson reviewed the status of the Board work plan. It was noted that an update on the Strategic plan would be provided at the next Board meeting.

On motion duly made, seconded and carried it was unanimously resolved that:

The Chairperson's report be received and filed.

9. In-Camera: Meeting with the Chairperson of the Worker's Compensation Appeal Tribunal Chairperson

The Board of Directors held an in-camera meeting with the Chairperson of the Worker's Compensation Appeals Tribunal.

On motion duly made, seconded and carried it was unanimously resolved that:

The WCAT Chairperson's oral report to the WorkSafeNB Board of Directors be received and filed.

Break

10. Stakeholder Presentation from the Union of Municipalities of New Brunswick

This presentation included a number of issues for the WorkSafeNB Board of Directors to consider as follows, the unsustainability of rates, timing of release of rates, coverage for presumptive cancers for firefighter's, workplace safety records, post-traumatic stress disorder and mental health concerns, communication with employers, and the client experience.

On motion duly made, seconded and carried it was unanimously resolved that:

That the Union of Municipalities of New Brunswick's (the "Union") report be referred to staff who will provide an update on how these items are being addressed, which will be shared with the Union.

11. CEO Report

a. Update on Legislative Change

The CEO discussed the ongoing review of the *Workplace Health Safety and Compensation Commission and Worker's Compensation Appeals Tribunal Act*, the schedule for the upcoming legislative reviews.

Other legislative amendments in the *Worker's Compensation Act* that are under review include the duty to accommodate, and changes to the medical aid provisions. Finally, proposed changes under the *Occupational Health and Safety Act* include those relating to clarifying worker, employer and supervisor duties in legislation and the authority of the Commission to issue administrative penalties.

b. Update on Projects

The CEO reviewed the progress made to date concerning the time frame from claim registration to first payment.

c. Update on Scorecard

The CEO reviewed the latest update on the Scorecard.

On motion duly made, seconded and carried it was unanimously resolved that:
The CEO's report including items 11(a)(b) and (c) be received and filed.

Lunch

12. July Financial Update

The Chief Financial Officer presented a financial update, as of the end of July 31, 2019, which showed the funding level at 95%.

On motion duly made, seconded and carried it was unanimously resolved that:
The Chief Financial Officer's financial update be received and filed.

13. Asset Liability Study

Management provided a recommendation on the asset mix for the approval of the Board of Directors as follows: to shift 1% from cash to universe bonds and 2% from real return bonds to infrastructure.

On motion duly made, seconded and carried it was unanimously resolved that:
That management's recommendation on the asset mix be approved, as presented.

Management also provided an update on the development of the funding policy. Specifically, management asked the Board if they wanted to maintain the current approach of focussing on rate stability (which allows for more funded level volatility).

On motion duly made, seconded and carried it was unanimously resolved that:
The funding policy should continue to be focussed on rate stability.

14. Timeline and Budget on Technology Transformation

The Chief Information Officer gave an update on the 2020 digital transformation priorities. The overall digital transformation will occur over a period of approximately 4 years or so.

On motion duly made, seconded and carried it was unanimously resolved that:
The Chief Information Officer's digital transformation update be received and filed.

Break

15. Audit Committee Update

a. Update on D&O Insurance and next steps

An update was provided on the status of the D&O insurance application, together with the annual cost.

b. Update/Recommendation on options for managing WorkSafeNB's investments

Management recommended WorkSafeNB transition to a hybrid model whereby Vestcor would manage approximately 68% of the current portfolio consisting of the fixed income assets, 40% of the Canadian equity market portfolio, the US, International and Emerging market equity portfolio and the Canadian Real Estate portfolio. WorkSafeNB's internal

investment management staff would retain responsibility for approximately 32% of the portfolio value consisting of 60% of the Canadian equity portfolio, the International real estate portfolio, the Infrastructure fund and the Opportunistic fund.

On motion duly made, seconded and carried it was unanimously resolved that:

That management's recommendation (outlined above) be approved by the Board of Directors, but as part of that new approach on the investment strategy management would: seek a seat on the Board of Vestcor, understand Board's fiduciary duty, and understand the role of stakeholder consultation and communication regarding this change in investment strategy.

c. Audit Committee Advisor

Two proposals were presented to the Audit Committee for an advisor to participate on the committee.

On motion duly made, seconded and carried it was unanimously resolved that:

That the recommendation to proceed with Deloitte's proposal be approved, subject to confirming whether two partners per meeting is required and to provide confirmation on the annual cost.

d. Update on internal audit results and management's action plans

The Chairperson of the Audit Committee gave an overview of Internal Audit's presentation, together with the recent audit findings, and the update on Internal Audit's work plan.

Additionally, the Chairperson of the Audit Committee briefed the Board on the discussion and motion approved by the Committee concerning the requirement for a Quality Assurance Audit of the Internal Audit department to be completed every 5 years.

On motion duly made, seconded and carried it was unanimously resolved that:

That management pursue a Quality Assurance Audit of the internal audit department, in compliance with the Procurement Act, subject to the Audit Committee having input into the scope of the Quality Assurance Audit.

e. Update on enterprise risk management plan

The Chairperson of the Audit Committee provided an update on the enterprise risk management plan, including some of the specific risks identified and opportunities for improvement.

On motion duly made, seconded and carried it was unanimously resolved that:

That the verbal report of the Audit Committee be received and filed.

16. Governance Committee Update

- a. The Chairperson of the Governance Committee noted that the Committee had agreed to organize a meeting with the Chairperson of the Board and the Chairpersons of the various committees to discuss the format and structure of the committees, including any opportunities for improvement.

The Chairperson of the Board gave an update on a meeting he attended with the Chairs of other Crown Corporations, the Premier, and his staff.

On motion duly made, seconded and carried it was unanimously resolved that:

That the Governance Committee's recommendation concerning the Chairperson (or in his absence, the Vice-Chairperson) continuing to participate in these governance meetings with other Crown Corporations be approved by the Board of Directors.

b. Conflict of Interest Policy for Board

The Chairperson of the Governance Committee reviewed the Conflict of Interest Policy

On motion duly made, seconded and carried it was resolved:

That the Conflict of Interest Policy be approved, as submitted.

c. Guidelines for engaging external counsel

The Chairperson of the Governance Committee confirmed that the General Counsel had prepared a Directive for hiring external counsel, which included considering relevant factors for retaining outside counsel.

On motion duly made, seconded and carried it was resolved:

The Guidelines for Hiring External Counsel are received and filed for information.

d. Code of Conduct for Board

The Chairperson of the Governance Committee reviewed the Code of Conduct for the Board of Directors and the recommendation of the Governance Committee.

On motion duly made, seconded and carried it was resolved:

The Code of Conduct be approved, as presented.

e. Confidentiality Agreement

The Chairperson of the Governance Committee reviewed some minor amendments made to the Confidentiality Agreement for the Board of Directors.

On motion duly made, seconded and carried it was unanimously resolved that:

That the recommendation from the Governance Committee regarding the Confidentiality Agreement be approved, as amended, by the Board of Directors.

f. Policies

i. Policy 41-004 Governance – Policy Development

The Manager, Policy and WCAT Representation reviewed the updates to this policy that resulted from Bill 2, the new policy format, and clarified the delegation of authority between the CEO and the Board of Directors. The General Counsel also noted that a legal opinion had been obtained to confirm the Board's authority to delegate policy-making authority to the CEO.

On motion duly made, seconded and carried it was resolved:

That Policy 41-004, "Governance – Policy Development", release 4, effective August 22, 2019 and rescind release 3 of that same policy.

ii. 2020 Policy Agenda

The Policy agenda for 2020 set based on the strategic plan, discretionary benefits, the risk of claim duration and the review cycle for policies.

On motion duly made, seconded and carried it was resolved:

The Policy Agenda for 2020 was approved as submitted.

iii. Policy 21-206: Funding the Purchase of an Annuity

Further to the Board meeting, dated July 18, 2019, concerning Policy 21-2016: “Funding the Purchase of Annuity”, the Board of Directors passed the following motion:

That Policy 21-206, Funding the Purchase of an Annuity, release 7, effective as of July 1, 2019, be approved and Policy 21-206, Funding the Purchase of an Annuity, release 6, be rescinded.

The General Counsel asked this motion be amended to change the effective date from July 1, 2019 to June 14, 2019 to coincide with the effective date of Bill 27.

On motion duly made, seconded and carried it was unanimously resolved that:

To amend the above-noted motion, dated July 18, 2019, to change the effective date from July 1, 2019 to June 14, 2019.

g. Updates to By-Law No. 1

The Chairperson reviewed the latest revisions to the By-laws for board approval at the next Board meeting. One additional amendment was suggested related to adding a comma in article 6(5).

On motion duly made, seconded and carried it was resolved:

That By-Law No.1, as amended, be approved.

h. Delegation of appointment of OHS arbitrators

The Chairperson of the Governance Committee referenced the legal advice received regarding the authority of the Board of Directors to delegate the appointment of arbitrators under section 25(2) of the Occupational Health and Safety Act, pursuant to its authority under section 16(2) of the Workplace Health, Safety and Compensation Commission and Worker’s Compensation Appeal Tribunal Act.

On that basis, the Governance Committee had recommended an amendment to an earlier motion of the Board of Directors, dated May 21, 2019, as follows:

On motion duly made, seconded and carried it was resolved:

The motion from the Board of Directors meeting dated May 21, 2019, which stated as follows:

*“The list of arbitrators is approved, as amended, with the removal of two arbitrators, KV and JM, pending the receipt of an external legal opinion to minimize/avoid any risk of conflict in the future and return to the Board with a recommendation.”
be rescinded; and*

*That the Board of Directors delegate its authority to approve arbitrators appointed under subsection 25(2) of the **Occupational Health and Safety Act** to the President & CEO.*

i. Memo re Stakeholder Engagement

The Chairperson of the Governance Committee reviewed the Board of Directors' previously approved process for stakeholder engagement, including relevant policies.

On motion duly made and seconded:

A motion was tabled requiring all Directors to be compliant with the WorkSafeNB Board of Directors' Stakeholder process and applicable policies.

The Motion was defeated.

On motion duly made and seconded:

That the stakeholder process approved by the WorkSafeNB Board of Directors, at the Board meeting, dated January 17, 2019, be reviewed and stakeholder engagement cease until that review is complete.

The Motion was defeated.

August 23, 2019 - 8:30 a.m. to 12:15 p.m.

17. Stakeholder Presentation: Firefighters' Association

The Firefighters' Association made a presentation on “Presumptive Cancers for New Brunswick Firefighters.”

On motion duly made, seconded and carried it was resolved:

That the presentation by the Firefighters' Association be received and filed.

18. Presentation from Cox & Palmer on Fiduciary Duty

Cox & Palmer made a presentation on the fiduciary duty of directors, including the specific statutory obligations of the WorkSafeNB Board of Directors.

On motion duly made, seconded and carried it was resolved:

That the presentation by Cox & Palmer be received and filed.

Break

19. Update and analysis on changes in mileage to injured workers

Management provided an analysis for the mileage paid to injured workers, with a proposed recommendation.

On motion duly made, seconded and carried it was resolved:

That management bring back a revised recommendation in Q1, 2020, that would include an option for a step-down approach over a period of time.

20. Assessment Rates

a. Firefighters 2020 Assessment Rate

Management presented a recommendation on the 2020 Assessment rate, under the Firefighter's Compensation Act.

On motion duly made, seconded and carried it was resolved:

That the 2020 assessment rate, under the Firefighter's Compensation Act be approved at \$465 per firefighter.

b. Next Steps for Rate Setting under the Worker's Compensation Act

Management reviewed next steps for approving rates under the *Worker's Compensation Act*.

New Business

No new business was raised.

Adjourn – Motion to Adjourn.