

1998 Annual Report



Workplace Health,
Safety and Compensation
Commission
of New Brunswick

WHSCC
CSSIAT

Commission de la santé, de la
sécurité et de l'indemnisation
des accidents au travail
du Nouveau-Brunswick

1998

**THE ANNUAL REPORT OF THE
WORKPLACE HEALTH, SAFETY AND COMPENSATION
COMMISSION OF NEW BRUNSWICK
YEAR ENDED DECEMBER 31, 1998**



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P.O. Box 160, Saint John, New Brunswick E2L 3X9
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1998
Report of the Workplace Health, Safety and Compensation Commission

To The Honourable Joan Kingston
Minister
Department of Labour
Province of New Brunswick

On behalf of the Workplace Health, Safety and Compensation Commission, I have the honour to submit to you the 1998 Annual Report. This report provides information on our program accomplishments, service activities, financial statements and statistical data, for the fiscal year ending December 31, 1998.

Respectfully submitted,



Darline Cogswell
Acting Chairperson, Board of Directors

1998
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MESSAGE FROM THE CHAIR



n behalf of the Board of Directors, I would like to take this opportunity to present this 1998 Annual Report to the stakeholders and people of the province of New Brunswick.

During 1998, the Commission pursued with continued success its long-term strategy of workplace safety and accident prevention. We view the future with continued excitement as we establish high standards with our compensation and rehabilitation programs and realize the success of our emphasis on reduced risk for workers and employers of New Brunswick.

*... emphasis
on reduced risk
for workers
and employers*



I take this opportunity to extend a sincere thank you to Mr. Médard Collette, who served as our first Chairperson of the new Workplace Health, Safety and Compensation Commission. From 1994 to 1998, he demonstrated a commitment and loyalty to the stakeholders of New Brunswick, ensuring a balanced representation of the issues, in support of the advancement of the Commission's programs. His leadership and wisdom will be missed.

I also take this opportunity to thank Mr. Jim MacDonald for his years of dedication and his contribution as a member of the Board of Directors and to all our staff, including those who retired during the course of the year, namely Doreen Boyd, Marlene Clarke, Louise Hartt and Jean Schmidt. Their dedication and exceedingly hard work has been greatly appreciated.

Darline Cogswell
Acting Chairperson, Board of Directors

VISION

New Brunswick workers have access to a safe and healthy work environment.

MISSION STATEMENT

The Workplace Health, Safety and Compensation Commission is dedicated to the promotion of a safe and healthy work environment and the provision of services to workplaces, employers and the injured workers of New Brunswick.

THE MANDATE OF THE COMMISSION IS:

- 1 To create an environment where workplaces view all accidents as being preventable;
- 2 To provide insurance and related services to the employer community; and
- 3 To provide rehabilitation benefits, including compensation, medical, vocational and counseling services to injured workers.

OUR BUSINESS

We are in the business of reducing workplace risk for both workers and employers:

- by changing behaviour to ensure safer and healthier workplaces;
- by striving to eliminate the physical and financial impact of workplace injuries.

MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER



I am pleased to report on the Workplace Health, Safety and Compensation Commission's (WHSCC) activities for the year. The 1998 results have helped our financial position continue to improve while our assessment rates remain amongst the lowest in Canada. Over the past few years, both the workers and employers of New Brunswick helped in the elimination of the unfunded liability. This year, the Commission attained its long-term fiscal strategy goal of a funded

ratio (assets to liabilities) of 105%.

Our unfunded ratio now stands at 106.0% (1997 – 102.5%). As we move into the future, we will examine our service obligations, fiscal strategies and our funding level requirements.

Our investment strategies enabled the Commission to benefit from a year-end rallying of financial markets and provided a greater than anticipated yield from our investments. These returns, along with a low rate of inflation, contributed to a better than expected performance for the year. The continued volatility of financial markets, coupled with upward pressure on our

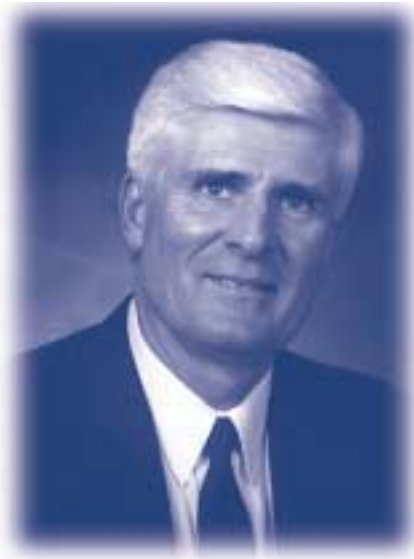
cost of claims, highlight the need for us to continually review our funding levels.

Our average assessment rate reached a peak of \$2.22 in 1992 and has since declined to an established rate of \$1.59 per \$100 of insured payroll for both 1997 and 1998. The latter part of this year, however, has revealed upward pressure on claims costs. These combined with increased emphasis on workplace safety and accident prevention have led to a slight increase (1.9%) in the average assessment rate for 1999. This will in turn allow the Commission to pay the benefits levels of the 1997 legislative changes.

This year, we consulted with the public on legislative and regulatory changes. A series of four stakeholders' forums provided input to the Board of Directors, as stakeholders delivered ideas and suggestions for changes in the future.

Workplace safety and accident prevention remain a key to our long-term strategy. We have continued, with our focus on prevention, to substantially reduce the frequency of workplace accidents and their dreadful impact on workers and their families.

... assessment rates remain amongst the lowest in Canada.



There were six areas of focus in the Commission's 1998 Directional Plan. These were:

- 1. OUR VIGOROUS PURSUIT OF SAFETY WILL LEAD TO A SIGNIFICANT DECLINE IN THE FREQUENCY RATE OF ACCIDENTS.**
 - This year, we developed measurement tools to help us focus our activities on industries requiring support and improvement. In addition, we initiated a Safe Communities Program, truly a pilot project for New Brunswick. Additional resources were directed to improving our efforts in employer, employee and student education. Finally, we prepared experimental promotional programs to heighten awareness for safety prevention and to ensure that our safety theme "all accidents are preventable" is widely understood.

- 2. TO PROVIDE A PROMPT, EFFECTIVE, EFFICIENT AND CARING PROVISION OF SERVICES TO OUR INJURED WORKER CLIENTELE.**
 - Our organization is constantly striving to be more customer driven. We have shown an improvement in our client satisfaction levels. We will strive to further improve this aspect of our organization's service.

 - A major role review of the Workers' Rehabilitation Centre (WRC) was conducted this year. The result of that study is the WRC will continue to provide key rehabilitation services to injured workers. The Centre will also coordinate some of the services provided in the regions. This outreach program has been very successful and is being expanded. Many service goals and performance objectives have been met, or exceeded, by this Centre of Excellence.

- 3. DECREASING TIME BY WHICH INJURED WORKERS RETURN, OR ARE CAPABLE OF RETURNING, TO WORK.**
 - Our early return-to-work initiative is centered on a new focus – the soft-tissue injury. We call this emphasis "continuum of care" and are working very hard to install systems and procedures that ensure prompt and effective medical services. Planning will take place this year to initiate significant changes in disability management, an initiative that will involve all our stakeholders getting injured workers back to work sooner.

- 4. HOLDING THE ASSESSMENT RATES TO EMPLOYERS AT THE LOWEST POSSIBLE LEVEL, CONSISTENT WITH THE CONSCIENTIOUS PROVISION OF BENEFITS TO CLIENTS.**
 - Our average assessment rates continue to be significantly lower than workers' compensation jurisdictions in Central and Eastern Canada. Very favourable economic conditions have enabled some workers' compensation boards in Western Canada to have more competitive rate structures. Our goal is to have average assessment rates that are amongst the lowest three in the country, given our current level of legislated benefits.

5. OUR STAKEHOLDERS WILL JUDGE THE WHSCC TO BE A WELL-MANAGED RESPONSIBLE ORGANIZATION.

- This year, our directors have been exposed to stakeholders' input through a consultation process. Stakeholders provided us with good input but now we must reach a consensus on all the complex issues that have been addressed.

6. OUR EMPLOYEES WILL CONSIDER THE COMMISSION "A GOOD PLACE TO WORK".

- Staff of the Commission have been under considerable pressure this year. Much of it has come from a reorganization designed to accommodate our drive towards workplace safety and accident prevention. Physical moves and the development of new management and information systems to help us meet our goals have added to the pressure. Despite this, staff have performed admirably.

I take this opportunity to extend my personal thanks to all our staff for their dedication and hard work towards achieving our goals.

Sincerely,



Tom Calkin
President and Chief Executive Officer

MESSAGE FROM THE CHAIRPERSON – APPEALS TRIBUNAL



It is a pleasure to report on the 1998 activities of the Appeals Tribunal of the Workplace Health, Safety and Compensation Commission of New Brunswick.

The primary responsibility of the Appeals Tribunal is to provide timely, fair, consistent and impartial decisions on appeals submitted by workers, dependents or employers relative to decisions rendered by the Commission. In that context, a number of activities and alternatives have been evaluated and pursued during 1998 in order to ensure that the services rendered by the Appeals Tribunal are of the best possible quality.

*... fair,
consistent and
impartial
decisions*



The Appeals Tribunal's primary goal continues to be the completion of appeals within a 90-calendar-day time frame. In working towards this goal, the appeals process has been structured in a manner that permits hearings to be held within 60 calendar days. In addition, a new procedure has been implemented which expedites the release of deferred decisions. Despite these improvements, the preparation and distribution of decisions within 30 calendar days of the hearing continues to present a real challenge. Continued effort and commitment will be required during 1999 to

improve this aspect of the appeals process and to identify and pursue alternatives aimed at preparing and distributing decisions on a more timely basis.

Fair, consistent and impartial decisions are the cornerstone of quality and effective services. Such standards are achieved through the availability of training opportunities to members of the Appeals Tribunal. Quarterly workshops dealing with various matters specific to the mandate of the Appeals Tribunal were offered to members. Members also had the opportunity to attend training sessions offered through the Council of Canadian Administrative Tribunals and the Atlantic Council of Administrative Tribunals. An increased emphasis on training is planned for 1999 and future years.

Some of the administrative objectives set and attained in 1998 were as follows:

- the position of quality coordinator was filled;
- the Appeals Tribunal pamphlets were reviewed and updated;
- the office layout was reviewed, consistent with productivity goals and to ensure compliance with ergonomics and safety standards;
- the management information system was converted to a more user-friendly process and at the same time, ensuring compliance with the year 2000.

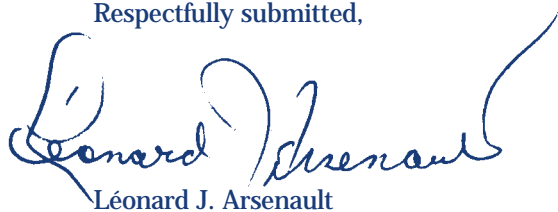
In the course of 1998, three new members were appointed to the Appeals Tribunal, namely Messrs. Leo Paul Cormier (worker representative), William Dixon (employer representative) and Allain Robichaud (worker representative). Their willingness to serve the Tribunal is much appreciated.

1998 also saw the term of some members expire, including Messrs. Darrell Kilpatrick (employer representative), Trevor Neil (employer representative) and Gary Savoie (worker representative). The term of Mr. Jim MacDonald, a member of the Board of Directors who had served on Appeals Panels since 1994, expired in December 1998. A most sincere thank you is extended to these individuals for their contribution and service to the Appeals Tribunal.

A personal note of appreciation is extended to the Board of Directors, the members and staff of the Appeals Tribunal, the workers, employers, advocates and all others who, through their support, have contributed to the achievements of the Appeals Tribunal.

The year 1999 will present interesting challenges which, undoubtedly, will be met with renewed commitment and dedication by members, staff and all those associated with the activities of the Appeals Tribunal.

Respectfully submitted,



Léonard J. Arsenault
Chairperson, Appeals Tribunal

APPEALS TRIBUNAL MEMBERS

CHAIRPERSON

Léonard J. Arsenault

The Chairperson of the Appeals Tribunal is appointed by the Lieutenant-Governor in Council and is responsible to the Board of Directors for the operation of the Appeals Tribunal.

VICE-CHAIRPERSONS

William E. McNulty

Kathy Rogers

Lumina Sénéchal

The Vice-Chairpersons of the Appeals Tribunal are appointed by the Lieutenant-Governor in Council as deemed necessary by the Chairperson in consultation with the Board of Directors.

APPEALS PANEL MEMBERS

WORKERS' REPRESENTATIVES

Rodrigue Bossé

Darline Cogswell*

Leo Paul Cormier

Nancy Forest

Earl Garland

Linwood Lawrence

Abel LeBlanc

Louis LeBlanc

Jim MacDonald*(1)

Linda Nadeau

Allain Robichaud

EMPLOYERS' REPRESENTATIVES

Stephen Beatteay

Gerry Cluney*

William Dixon

Gilbert Doucet

Lionel Landry

Marc Long

Sandy Robertson

Lee Sudsbury

Garry Sudul*

Joe Veriker

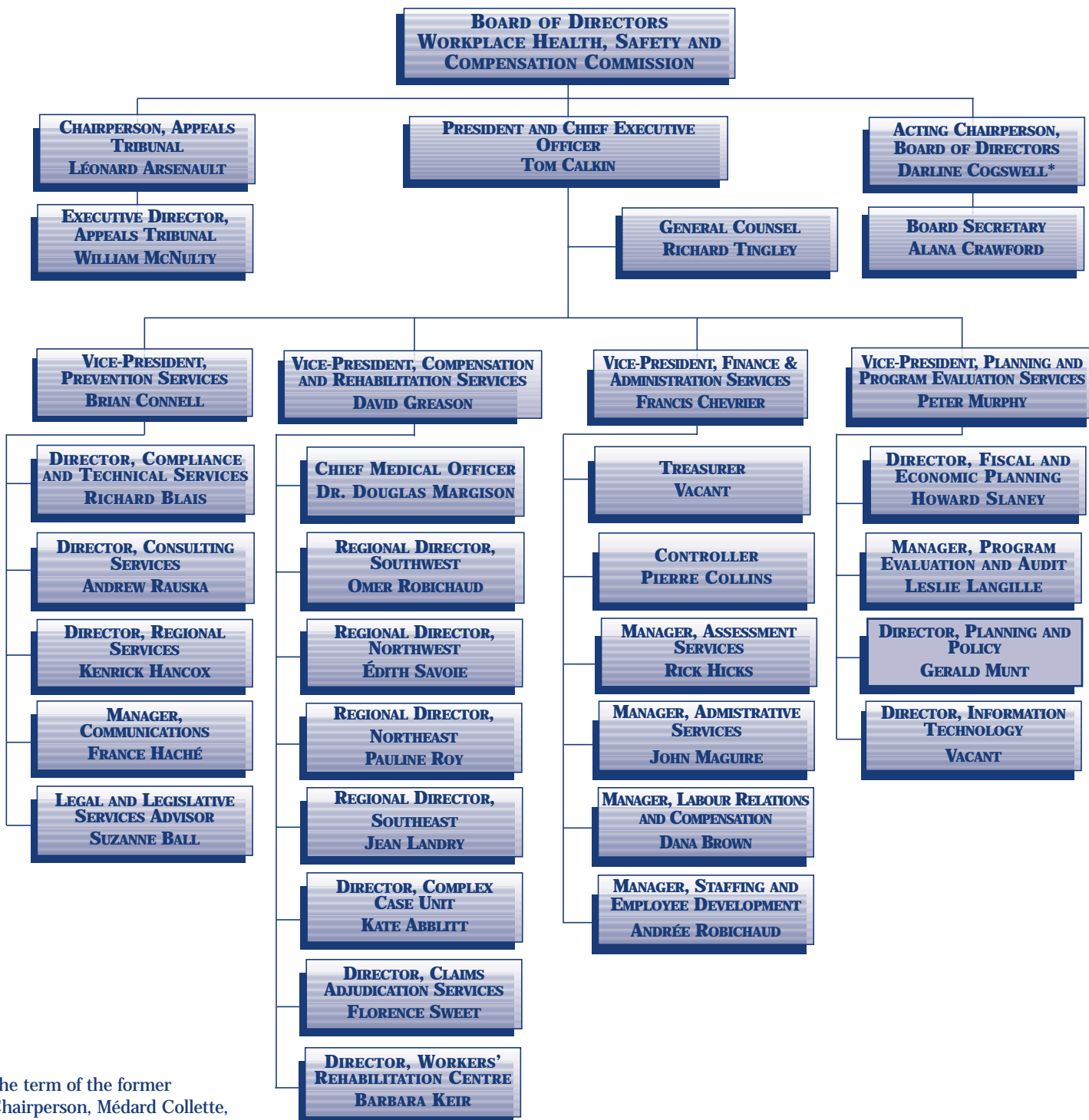
The Appeals Panel members are representative of workers and employers throughout the province and are appointed by the Board of Directors.

* Member, Board of Directors

(1) Term expired December 21, 1998

1998

**ORGANIZATIONAL STRUCTURE
DECEMBER 31, 1998**



DIVISIONAL ACCOMPLISHMENTS

PREVENTION SERVICES



The Workplace Health, Safety and Compensation Commission is committed to helping workers and employers across New Brunswick eliminate workplace accidents and understand that accidents are not simply a cost of doing business. The slogan “all accidents are preventable” was adopted and actively promoted by all facets of the organization. It supports the Commission’s long-term performance objective to change attitudes and habits, making New Brunswick a safer place to work.

... “all
accidents are
preventable”



In the spring of 1998, a new Division, Prevention Services, was created. This Division is dedicated to the prevention of workplace injuries and illnesses and provides services in the four geographic regions of the province.

In each region, health and safety officers inspect workplaces and conduct accident and fatality investigations; education

consultants conduct workshops and seminars and assist joint health and safety committees; occupational health consultants focus on soft-tissue injuries; and risk management consultants assist with the implementation of risk management services, an audit protocol for the workplace. Other services include occupational hygiene and ergonomics.

The 1998 Directional Plan identified one key objective for Prevention Services: “*Our vigorous pursuit of safety will lead to a significant decline in the frequency rate of accidents*”.

A number of activities were undertaken to achieve this objective:

- Four additional contract health and safety officer positions were added to the current complement, one for each of the geographic regions. A curriculum development specialist and a multi-media specialist were also hired.
- In 1997, the average audit score for employers in the Risk Management Services program was 49.0 out of 100. In 1998, the average score for all audits was 58.3, a 19% increase.
- Sixteen workplaces were targetted for intensive health and safety intervention. These workplaces received education, occupational health, occupational hygiene and ergonomic interventions as required. Twelve of the sixteen workplaces have experienced a decline in claims frequency.

- In 1998, two industry groups, sawmills and machine shops, were chosen for intensive health and safety intervention. Bilingual hazard analysis tools were developed for each, as was a new video on welding hazards, which was produced and distributed to all machine and welding shops in the province.
- The International Loss Control Institute's Loss Causation Model was adopted as the basis for the Commission's approach to promoting health and safety in the workplace.
- A new workplace-based data information system to be used by prevention staff was implemented. The purpose is to improve information used in making prevention program decisions.
- The Commission, in conjunction with province-wide support from both the anglophone and francophone school systems, is developing an activity-based health and safety curriculum for the schools of New Brunswick. The curriculum will provide the support needed to integrate health and safety concepts into everyday teaching methodologies.
- The Commission has committed to support the Safe Communities Foundation in the establishment of a Safe Communities Program in New Brunswick.
- The first phase of a public awareness campaign was launched in the communities of St. Stephen and Caraquet. The goal is to instill a positive accident prevention attitude by increasing health and safety awareness in workplaces and schools. An accident prevention superhero, Preventor, was introduced to help communicate the message that "workplace safety is no accident".
- This year's Health and Safety Conference was one of the largest to date with over 720 delegates, 37 workshops and a video bar showcasing over 100 health and safety videos.
- Technical advisory committees composed of worker and employer representatives reviewed occupational health and safety legislation related to first aid, underground mining, radiological protection, construction, and crane operation. A number of regulatory changes resulted from the work of the committees.

These initiatives represent the thrust of the 1998 objectives of making the province of New Brunswick a safer place to work. As we head into the new millennium, we are confident our objectives will be realized.

DIVISIONAL ACCOMPLISHMENTS

COMPENSATION AND REHABILITATION SERVICES



Although the goal of workers, employers and the Commission is to eliminate workplace injuries, they still occur. The Commission provides earnings replacement, medical services and return to work assistance when such injuries happen.

The Commission processed a greater *number of accident claims* in 1998 while improving service levels. Unfortunately, the increase in number processed was partly a result of a greater number of claims. There were 25,577 claims processed during the year, an increase of 4% over 1997. Lost-time claims (accidents involving time lost from work) were up by 7% to a six-year high of 5,937 (1997 – 5,554). Active long-term disability claims increased by 9% to 1,508 (1997 – 1,384).

The 1998 Directional Plan identified two key objectives under Compensation and Rehabilitation Services.

- “We will be respected for the prompt, effective, efficient and caring provision of services to our injured worker clientele.”

The Commission continued its efforts to improve service to injured workers and to employers by meeting its performance goals for 1998. The *average time from reporting (of injury) to first payment wage loss replacement cheque* was identified by our clients as a critical issue to be addressed. The number of workers now receiving first payment wage loss replacement cheques within two weeks of injury has improved since 1996 by 246%; the number receiving their cheque within three weeks has improved by 113% over that same period.

The quality and consistency of *adjudication decisions* has improved as a result of staff training, evidence-based decision making, and internal auditing. Despite increased claims, the timeliness of decisions has improved and the consistency of adjudication remains high.

- “We will decrease the time by which injured workers return, or are capable of returning, to work.”

The Commission has begun a multi-year program to revitalize the *case management process*, enhance service offerings and improve the return of injured workers to the workplace. In 1998, all claim-related activities were merged into one unit, the Compensation and Rehabilitation Services Division. This Division is responsible for all facets of claims processing, namely the establishment of a claim, payment of benefits, medical rehabilitation, long-term disability assistance and return to work. Services are provided through four regional offices (Bathurst, Grand Falls, Moncton and Saint John), the Workers’ Rehabilitation Centre in Grand Bay and a satellite office in Fredericton.

The regional offices provide case management services to injured workers throughout the province, handling for the most part, those who are more seriously injured or who require assistance to return to work. In 1998, 2,606 workers received *case management assistance*, an increase of 19% over 1997 (2,189). The Complex Case Unit managed 1,114 long-term disability clients; 605 surviving spouses and dependents; and 1,805 pensioners, an overall increase of 1.7% over 1997.

The nature of workplace injuries continues to *shift towards internal or soft-tissue injuries (strains and sprains)*. These injuries by their nature are more difficult to diagnose and often more difficult to treat. Soft-tissue injuries are the largest component of lost-time accidents and represented 37% of them in 1998. Gradual increases over the last several years has forced the Commission to develop a special program for such injuries, one which has drawn upon the success of similar programs in other Canadian jurisdictions. This new program involves early identification, aggressive medical intervention and a renewal of physical conditioning often lost in the first few months of reduced activity following a workplace injury.

The Workers' Rehabilitation Centre (WRC) exceeded its 1998 objectives of returning injured workers to pre-accident state of health. Return to Work (RTW) outcomes for 1998 were:

	<u>Capable of RTW</u>	<u>1998 Objective</u>
Up to 6 months post accident	68.4%	61.0%
6-12 months post accident	49.1%	51.0%
1-2 years post accident	49.4%	46.0%

The Centre had 1,917 admissions during the year, a 16% increase over 1997 (1,656).

In order to better serve clients in other areas of the province, the WRC established prosthetic and orthotic clinics and developed a portable method of providing CAD/CAM technology to the regions. Functional, medical and psychological assessments along with psychological counseling are now available in the regional offices.

New products were added to assist in the case management of claims. These include multidisciplinary consultation, a two-day baseline functional assessment, and two specialty teams to address cumulative trauma disorder and reflex sympathetic dystrophy.

DIVISIONAL ACCOMPLISHMENTS

FINANCE AND ADMINISTRATION SERVICES



The Finance and Administration Services Division provides the financial framework and financial accountability under which the Commission carries out its legislated mandate. The Commission operates on revenue raised from the assessment process and the investment of its Accident Fund. The Division oversees the staffing, training and development of human resources and, through facilities management, maintains and operates its buildings and premises.

During the year, the Division met its 1998 Directional Plan objectives and brought the Commission closer to its ongoing efforts of improving service to injured workers and employers of the province.

OBJECTIVE	RESULT
<ul style="list-style-type: none"> • To meet the median investment return of a recognized universe of investment funds (SEI Universe), for 1998 	<p>The 1998 return on the Commission's Accident Fund was 8.5%, exceeding the median of the SEI Universe by 0.5% (50 basis points) for the year.</p>
<ul style="list-style-type: none"> • To attain a funding level of 105% of liabilities 	<p>The 1998 investment returns account for most of the Commission's greater than expected operating results for the year. These results helped the Commission attain its target funding level of 105%, sooner than anticipated.</p>
<ul style="list-style-type: none"> • Control of administration costs 	<p>The budget process covers mandated operations and Board of Directors' requests. During the year, the Commission was \$1.9 million under the Board of Directors' approved budgeted amount for administrative costs.</p>
<ul style="list-style-type: none"> • Roll out of Monthly Assessment on Actual Payroll (MAAP) 	<p>The MAAP system provides employers with the option to pay assessments on a monthly basis, using actual payroll. This differs from the traditional method of paying once or twice a year. Employers choosing the MAAP method benefit through improved cash flow and the elimination of the need to estimate assessable earnings. At the end of 1998, the MAAP program had 916 participating employers (1997 - 578), a 58% increase over last year and better than planned. Of assessed revenue in 1998, close to 50% was attributable to MAAP employers.</p>
<ul style="list-style-type: none"> • Performance management 	<p>The Commission successfully implemented a performance management program aligning individual activities to mandated operations and the Directional Plan.</p>
<ul style="list-style-type: none"> • Human resource alignment 	<p>A realignment of staff occurred early in the year shifting resources to critical need areas and supporting the prevention initiatives.</p>

DIVISIONAL ACCOMPLISHMENTS

PLANNING AND PROGRAM EVALUATION SERVICES



The Planning and Program Evaluation Services Division provides support to the Board of Directors in fulfilling its legislated mandate of directing the Commission through the strategic and fiscal planning process. The results of these planning efforts are communicated to stakeholders through policy development and assessment rate setting.

The Division provides support to management and staff in their efforts to make the Commission an effective and efficient organization by striving to provide a state-of-the-art technological infrastructure. The Division also assists management with an internal evaluation of programs delivered by staff to injured workers and employers.

Some of the Division's contributions towards the 1998 Directional Plan objectives include the following:

- Consultation hearings seeking feedback on proposed legislative and regulatory changes were held throughout the province. Participating in these sessions were the public, stakeholders, members of the Board of Directors and Commission staff. The information acquired from the hearings along with written submissions from other stakeholders will be evaluated by the Board of Directors in finalizing its recommendations to government in 1999.
- Policies were amended to give effect to 1998 legislated changes and computer systems were modified to meet the processing needs.
- A new assessment model was developed for piloting in 1999. This model encourages participating employers to focus on accident prevention and employee return-to-work programs, by making their assessment rates more responsive to their efforts. The model maintains the integrity of the collective foundation of the assessment system.
- New software tools have been developed and implemented providing staff working in Prevention Services immediate access to accident information. This allows them to identify where efforts might be most useful and then evaluate the effectiveness of those efforts.

YEAR 2000

The development and modification of computer systems continued in 1998, bringing the Commission closer to its efforts, begun in 1994, to ensure year 2000 (Y2K) compliance. Progress on this initiative is on schedule and is due for completion in 1999.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING



The financial statements of the Workplace Health, Safety and Compensation Commission of New Brunswick were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgments, estimates and actuarial assumptions. This responsibility includes selecting and applying appropriate accounting principles and actuarial assumptions consistent with those generally accepted in Canada.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded.

The Commission's Board of Directors has reviewed and approved these financial statements. To assist the Commission in meeting its responsibilities, it has appointed an Audit Committee. This Committee meets periodically with management, program evaluation staff, audit staff, the external auditors and the external consulting actuary. The purpose is to discuss internal controls over financial activities, auditing matters, actuarial assumptions and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The Committee reviews the financial statements and recommends approval to the Board of Directors.

Every two years, independent consulting actuaries complete an actuarial valuation of the benefits liabilities included in the financial statements of the Commission, issue a report thereon and state that the actuarial valuation has been prepared, in accordance with generally accepted actuarial practices. In the interim years, the Commission's internal actuary completes an estimate of the benefits liabilities of the Commission. This estimate is reviewed with the Commission's consulting actuary, but not in the same level of detail as when a full, independent valuation is performed.

The external auditors for the Commission have performed an independent audit of the financial statements of the Commission in accordance with generally accepted auditing standards. The Auditors' Report outlines the scope of this independent audit and states the opinion expressed on the financial statements.

Francis D. Chevrier
Vice-President, Finance & Administration Services
and
Chief Financial Officer

1998

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
OF NEW BRUNSWICK**

BALANCE SHEET

December 31, 1998

	1998	1997
	(\$000)	(\$000)
ASSETS		
Receivables (Note 3)	6,574	6,891
Recoverable benefits liabilities (Note 2)	61,284	63,290
Investments (Note 4)	482,878	444,335
Capital assets (Note 5)	8,272	7,855
Other assets	412	343
	559,420	522,714
LIABILITIES AND FUND BALANCE		
Payables and accruals (Note 6)	10,839	11,192
Benefits liabilities (Notes 7 and 8)	516,876	498,699
Total liabilities	527,715	509,891
Fund balance	31,705	12,823
	559,420	522,714

Contingent liability and Uncertainty (Notes 14 and 15)



Gérald Clavette
Board Member



Gary Ritchie
Board Member



Darline Cogswell
Acting Chairperson, Board of Directors

AUDITORS' REPORT

To the Honourable Minister of Labour of
the Province of New Brunswick

We have audited the balance sheet of
the Workplace Health, Safety and
Compensation Commission of
New Brunswick as at December 31, 1998
and the statements of operations and
fund balance and cash flows for the year
then ended. These financial statements
are the responsibility of the
Commission's management. Our
responsibility is to express an opinion
on these financial statements based on
our audit.

We conducted our audit in accordance
with generally accepted auditing
standards. Those standards require
that we plan and perform an audit to
obtain reasonable assurance whether
the financial statements are free of
material misstatement. An audit
includes examining, on a test basis,
evidence supporting the amounts and
disclosures in the financial statements.
An audit also includes assessing the
accounting principles used and
significant estimates made by
management, as well as evaluating the
overall financial statement presentation.

In our opinion, these financial
statements present fairly, in all material
respects, the financial position of the
Workplace Health, Safety and
Compensation Commission of New
Brunswick as at December 31, 1998
and the results of its operations and its
cash flows for the year then ended in
accordance with generally accepted
accounting principles.

Saint John, New Brunswick
February 26, 1999



Chartered Accountants

1998

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
OF NEW BRUNSWICK**

STATEMENT OF OPERATIONS AND FUND BALANCE

Year ended December 31, 1998

	1998		1997
	Budget	Actual	Actual
		(\$000)	(\$000)
INCOME			
Assessments (Note 9)	76,781	78,272	63,055
Funding policy assessment (Note 9)	500	500	9,000
Self-insured employers (Note 10)	16,400	12,966	13,929
Investments and other (Note 4)	35,916	50,401	47,806
Province of New Brunswick	900	900	1,085
	130,497	143,039	134,875
EXPENSES			
Claims costs incurred (Note 7):			
Short-term disability	23,100	30,518	24,673
Long-term disability	33,500	23,932	29,683
Survivor benefits	10,700	11,908	4,212
Health care	28,150	29,192	26,255
Rehabilitation	6,000	5,206	3,460
	101,450	100,756	88,283
Administration:			
Operations (Note 11)	18,134	16,354	16,206
Occupational health and safety (Note 11)	5,595	5,405	4,451
Appeals Tribunal	1,092	1,007	950
Legislative obligations (Note 12)	530	540	533
Risk management rebates	500	76	200
Projects and research	300	19	149
	127,601	124,157	110,772
Excess of income over expenses before unusual item	2,896	18,882	24,103
Unusual item (Note 7 iv):			
Effect of legislative amendments	0	0	(20,677)
Recovery from self-insured employers	0	0	3,349
	0	0	(17,328)
Excess of income over expenses for the year	2,896	18,882	6,775
Fund balance, beginning of year		12,823	6,048
Excess of income over expenses for the year		18,882	6,775
Fund balance, end of year		31,705	12,823

1998

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
OF NEW BRUNSWICK**

STATEMENT OF CASH FLOWS

Year ended December 31, 1998

	<u>1998</u> <u>(\$000)</u>	<u>1997</u> <u>(\$000)</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from:		
Assessed employers	77,480	72,975
Self-insured employers	15,521	13,067
Investments and other	50,382	48,125
Province of New Brunswick	900	900
	<u>144,283</u>	<u>135,067</u>
Cash paid:		
To injured workers or third parties on their behalf	82,579	72,132
For administration requirements and other goods and services	21,086	21,109
	<u>103,665</u>	<u>93,241</u>
Net cash provided by operating activities	<u>40,618</u>	<u>41,826</u>
 CASH FLOW FROM INVESTING ACTIVITIES		
Cash paid:		
For purchase of capital assets – net of proceeds	2,075	1,264
Net increase in cash and investments	38,543	40,562
Cash and investments, beginning of year	444,335	403,773
Cash and investments, end of year	<u><u>482,878</u></u>	<u><u>444,335</u></u>

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
OF NEW BRUNSWICK****NOTES TO FINANCIAL STATEMENTS****December 31, 1998**

1. NATURE OF OPERATIONS

The Workplace Health, Safety and Compensation Commission ("the Commission") was established by the New Brunswick Legislature effective January 1, 1995, under the *Workplace Health, Safety and Compensation Commission Act*. The Commission is responsible for the administration of the *Workers' Compensation Act* and the *Occupational Health and Safety Act*; and, in accordance with the provisions of these acts, for promotion of accident prevention; administering the payment of benefits to injured workers; levying and collecting assessment revenues from employers in amounts sufficient to cover the current and future costs of existing claims; promotion of occupational health and safety; and investing funds.

The Province of New Brunswick has committed to the funding of a grant to the Commission in support of occupational health and safety.

2. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES**Provision for unbilled assessments**

As a portion of assessment income for the year is not received until after year-end, the amount shown is an estimate based on an analysis of employer payroll data. The difference between this estimate and the actual income received is credited or charged to income in the following year.

Recoverable benefits liabilities and self-insured employers

These financial statements include the effects of transactions carried out for self-insured employers (Federal and certain Provincial Government bodies) who directly bear the cost of their incurred claims and an appropriate share of administration costs.

The benefits liabilities recorded in these financial statements include obligations to injured workers of self-insured employers, excluding those injured workers and dependents receiving benefits under the *Government Employees Compensation Act* or the *Silicosis Compensation Act*. These obligations represent the actuarial present value of all future benefits payments expected to be made for claims which occurred in the current fiscal year, or in any prior year, for these self-insured employers. As these liabilities will be borne by these employers when paid in future years, an offsetting receivable in an amount equal to the benefits liabilities exists and is shown as recoverable benefits liabilities on the Commission's balance sheet. Self-insured employers who are Crown Corporations are required to provide the Commission with an irrevocable letter of credit or a guarantee from the Province of New Brunswick as security for the receivable.

Investments**a) Fixed-term investments**

Fixed-term investments are carried at amortized cost. Gains and losses realized on disposal of fixed-term investments are amortized on a straight line basis over a seven-year period, which approximates the period to maturity.

b) Equities

Equity investments and option contracts are stated at moving average market value. Realized and unrealized gains and losses occurring during the year are deferred and amortized on a straight line basis over a five-year period.

c) Fair values

Fair values of investments are determined as follows:

- Fixed-term investments and equities are valued at year-end quoted prices.
- Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which, together with accrued interest, approximates fair value.

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
OF NEW BRUNSWICK**

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

2. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

Capital assets

Capital assets are reported at cost and are depreciated on a straight line basis over their estimated useful lives. The rates used are as follows:

Buildings	25 or 40 years
Office furniture and equipment	5 years
Computer software and hardware	3 years
Motor vehicles	3 years, 35% residual value

Benefits liabilities

Benefits liabilities represent the actuarial present value of all future benefits payments expected to be made for claims which occurred in the current fiscal year or in any prior year. The benefits liabilities include provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims. Benefits liabilities also include the estimated liability for latent occupational diseases, and a provision for future administration costs of existing claims. It is the Commission's policy to have an independent consulting actuary complete a valuation of the benefits liabilities of the Commission every two years. Such a valuation was performed as at December 31, 1998. In interim years, the Commission's internal actuary completes an estimate of the benefits liabilities. This estimate is reviewed with the Commission's consulting actuary, but not at the same level of detail as when a full independent valuation is performed. Actual future costs could vary from those amounts presented in the financial statements.

Included in benefits liabilities is an amount for pensions established to compensate injured workers and surviving spouses for the loss of retirement income due to an industrial accident, as provided in sections 38.22, 38.54 and 38.7 of the *Workers' Compensation Act*. As at year end, \$7.3 million (1997 - \$5.1 million) is included in benefits liabilities, representing the applicable principal on eligible compensation payments already made, plus interest calculated at the rate earned on the Commission's investment portfolio. In addition, future costs relating to these benefits are provided for as part of the benefits liabilities determined by actuarial valuation or review.

Funding policy

The Commission's funding policy to attain a funded ratio of assets to liabilities of 105% is reviewed periodically. The assessment revenue raised in any year, from assessed employers, may include an amount designed to allow the Commission to attain a target funded ratio considered financially advisable. Revenue raised with respect to the funding policy is shown separately in the Statement of Operations. The funded ratio at December 31, 1998 is 106.0% (1997 - 102.5%).

Workers' Rehabilitation Centre

Included in health care payments is \$5.9 million (1997 - \$6.2 million) for services provided by the Workers' Rehabilitation Centre, a department of the Commission.

Agreements with respect to certain employer assessments

The Commission has entered into agreements with certain employers which require these employers to provide funding to cover the specific costs of benefits to their injured workers. Three years following the end of a fiscal year or, depending on the agreement, at the conclusion of a specific project, an actuarial determination is made of the future benefits payments expected for claims identified with each employer and a final settlement is reached with each employer. Subsequent adjustments to the actuarial determination of benefits liabilities associated with these agreements are the responsibility of, or for the benefit of, the Commission.

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
OF NEW BRUNSWICK**
NOTES TO FINANCIAL STATEMENTS**December 31, 1998****2. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)****Reclassification**

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

3. RECEIVABLES

	1998 (\$000)	1997 (\$000)
Assessments billed	1,231	1,846
Provision for unbilled assessments	5,033	4,445
Self-insured employers – receivable	1,371	1,923
Self-insured employers – deposits	(1,674)	(1,674)
Other	613	351
	<u>6,574</u>	<u>6,891</u>

4. INVESTMENTS

The Commission has established policies for the management of the investment process, utilizing external investment portfolio managers. The portfolio managers' compliance with these investment policies is monitored on a regular basis.

	1998 (\$000)		1997 (\$000)	
	Book Value	Fair Value	Book Value	Fair Value
(i) Portfolio investments				
Money market	66,486	66,486	47,526	47,526
Fixed-term investments	170,771	168,769	186,629	190,210
Equities	302,782	326,564	270,175	295,919
	<u>540,039</u>	<u>561,819</u>	504,330	533,655
Deferred realized investment gains	(57,161)	0	(59,995)	0
	<u>482,878</u>	<u>561,819</u>	<u>444,335</u>	<u>533,655</u>

Concentration of credit risk – 34% (1997 – 27%) of fixed-term investments are direct obligations of a Canadian chartered bank.

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
OF NEW BRUNSWICK**
NOTES TO FINANCIAL STATEMENTS**December 31, 1998****4. INVESTMENTS (CONTINUED)**

	1998 (\$000)	1997 (\$000)
(ii) Deferred realized investment gains		
Balance, beginning of year	59,995	36,865
Realized net investment gains for the year	26,033	49,604
	<u>86,028</u>	<u>86,469</u>
Amortization to investment income	(28,867)	(26,474)
Balance, end of year	<u>57,161</u>	<u>59,995</u>
(iii) Investment income		
Interest and dividends	21,261	21,254
Amortization of deferred realized investment gains	28,867	26,474
Amortization of deferred unrealized investment gains	2,382	3,337
	<u>52,510</u>	<u>51,065</u>
Less: Portfolio management expenses	(2,109)	(3,259)
	<u>50,401</u>	<u>47,806</u>

(iv) Derivative financial instruments

Certain of the Commission's external investment portfolio managers utilize derivative financial instruments where appropriate to increase portfolio diversification, reduce interest rate and foreign currency volatility and enhance overall investment returns.

Included in equities are option contracts with a cost of \$1.1 million (1997 - \$1.5 million) and a market value of \$1.0 million (1997 - \$1.4 million).

The Commission's unrecorded contractual commitments and the corresponding fair values relating to future and forward contracts are as follows:

	1998 (\$000)		1997 (\$000)	
	Unrecorded Contractual Commitments	Fair Value	Unrecorded Contractual Commitments	Fair Value
Long position future and forward contracts	2,939	2,943	8,440	8,228
Short position future and forward contracts	2,274	2,484	16,805	16,970

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
OF NEW BRUNSWICK**
NOTES TO FINANCIAL STATEMENTS**December 31, 1998****4. INVESTMENTS (CONTINUED)**

(v) Pooled investment fund

The Commission has entered into a pooled investment fund arrangement for the management of its investment assets and those of the Workers' Compensation Board of Prince Edward Island. These financial statements report the Commission's proportionate share of the investment assets held in the pooled fund which was 91.7% at December 31, 1998 (1997 - 91.7%). The Commission receives a fee for the administration of the Workers' Compensation Board of Prince Edward Island's share of the fund.

5. CAPITAL ASSETS

	1998			1997
	(\$000)			(\$000)
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	162	0	162	162
Buildings	10,641	4,791	5,850	5,866
Office furniture and equipment	3,639	3,312	327	453
Computer software and hardware	10,859	9,077	1,782	1,228
Motor vehicles	334	183	151	146
	<u>25,635</u>	<u>17,363</u>	<u>8,272</u>	<u>7,855</u>

6. PAYABLES AND ACCRUALS

	1998	1997
	(\$000)	(\$000)
Accounts payable and accruals	<u>3,819</u>	<u>3,647</u>
Employer deposits	<u>7,020</u>	<u>7,545</u>
	<u>10,839</u>	<u>11,192</u>

The employer deposits represent funds deposited with the Commission in accordance with the agreements with certain employers referred to in note 2 to these financial statements.

1998

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
OF NEW BRUNSWICK**

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

7. BENEFITS LIABILITIES

(i) Continuity schedule	1998 (\$000)						1997 (\$000)
	Short-term disability	Long-term disability	Survivor benefits	Health care	Rehabili- tation	Total	Total
Balance, beginning of year	36,254	254,123	101,612	85,427	21,283	498,699	461,871
Add Claims costs incurred:							
Current year injuries	24,629	14,253	4,995	21,964	3,638	69,479	54,228
Prior years' injuries	5,889	9,679	6,913	7,228	1,568	31,277	34,055
	30,518	23,932	11,908	29,192	5,206	100,756	88,283
Less Claims payments made:							
Current year injuries	9,156	181	181	6,717	233	16,468	13,113
Prior years' injuries	14,390	20,963	10,403	16,225	4,130	66,111	59,019
	23,546	21,144	10,584	22,942	4,363	82,579	72,132
Balance, before amendments	43,226	256,911	102,936	91,677	22,126	516,876	478,022
Effect of legislative amendments	0	0	0	0	0	0	20,677
Balance, end of year	43,226	256,911	102,936	91,677	22,126	516,876	498,699

(ii) Current year injuries	1998 (\$000)			1997 (\$000)		
	Claims payments	Expected future costs	Claims costs incurred	Claims payments	Expected future costs	Claims costs incurred
Short-term disability	9,156	15,473	24,629	7,149	11,270	18,419
Long-term disability	181	14,072	14,253	105	13,250	13,355
Survivor benefits	181	4,814	4,995	48	1,251	1,299
Health care	6,717	15,247	21,964	5,762	12,101	17,863
Rehabilitation	233	3,405	3,638	49	3,243	3,292
	16,468	53,011	69,479	13,113	41,115	54,228

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
OF NEW BRUNSWICK**

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

7. BENEFITS LIABILITIES (CONTINUED)

(iii) Prior years' injuries

Significant changes in benefits liabilities and claims costs incurred for prior years' injuries arising from the actuarial valuation of the benefits liabilities performed as at year-end included the following:

	Increase (decrease) in benefits liabilities and claims costs incurred	
	1998 (\$000)	1997 (\$000)
Unfavourable experience on short-term disability claims	1,700	3,000
Unfavourable trend in long-term health care costs	0	2,200
Reduction in assumed indexing rate for CPI-indexed benefits	(6,000)	(5,000)

(iv) Effect of legislative amendments

During 1997, the Commission's Board of Directors recommended changes to the *Workers' Compensation Act* and on February 26, 1998, the Legislature proclaimed Bill 21, *An Act to Amend the Workers' Compensation Act*. The impact of this Bill on the benefits liabilities of the Commission as at December 31, 1997 was as follows:

	Assessed employers (\$000)	Self-insured employers (\$000)	Total (\$000)
Increase in loss of earnings compensation rate to 85% effective January 1, 1998	839	140	979
Introduction of a 5% pension annuity for injured workers receiving loss of earnings benefits for 24 consecutive months or longer, retroactive to January 1, 1993	4,308	644	4,952
Reinstatement of benefits to surviving spouses whose benefits were terminated subsequent to April 17, 1985 due to remarriage or cohabitation	12,181	2,565	14,746
	17,328	3,349	20,677

The portion of the legislative amendments attributable to self-insured employers has no net impact on the Commission's excess of income over expenses for 1997 or the fund balance.

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
OF NEW BRUNSWICK**
NOTES TO FINANCIAL STATEMENTS**December 31, 1998****8. ACTUARIAL ASSUMPTIONS**

The actuarial valuation of the benefits liabilities is based on assumptions that reflect both short-term and long-term forecasts. The table below lists the principal economic assumptions used:

	1998		1997	
	CPI-indexed awards	Other payments	CPI-indexed awards	Other payments
Gross rate of return	8.00%	8.00%	8.00%	8.00%
Inflation - Year 1	1.20%	4.35%	1.78%	4.35%
- subsequent years	4.35%	4.35%	4.35%	4.35%
Net rate of return - Year 1	6.75%	3.50%	6.11%	3.50%
- subsequent years	3.50%	3.50%	3.50%	3.50%

9. ASSESSMENTS

	1998 (\$000)		1997 (\$000)
	Budget	Actual	Actual
Assessments earned	76,981	78,398	71,688
Interest and penalties	500	631	532
Assessments written off	(200)	(257)	(165)
	77,281	78,772	72,055
Shown as:			
Assessments	76,781	78,272	63,055
Funding policy assessment	500	500	9,000
	77,281	78,772	72,055

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
OF NEW BRUNSWICK**

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

10. SELF-INSURED EMPLOYERS

	1998 (\$000)		1997 (\$000)
	Budget	Actual	Actual
Assessment revenue	16,400	12,966	13,929
Claims costs incurred:			
Short-term disability	3,500	5,022	3,265
Long-term disability	4,900	(597)	4,715
Survivor benefits	900	743	173
Health care	3,750	4,261	2,582
Rehabilitation	800	966	664
	13,850	10,395	11,399
Administration	2,550	2,617	2,530
Sub-total	16,400	13,012	13,929
Less: Share of investment income	0	(46)	0
	16,400	12,966	13,929

The claims costs incurred, and related assessment revenue, relating to the self-insured employers' share of the impact of the legislative amendments are not included in the 1997 figures shown above. As shown in note 7 (iv), this amounts to \$3.3 million.

11. ADMINISTRATION

	1998 (\$000)		1997 (\$000)
	Budget	Actual	Actual
Salaries and employee benefits	17,650	15,872	15,545
Depreciation	2,090	1,540	2,046
Professional fees	843	1,183	632
Office and communications	1,545	1,478	1,233
Building operations	1,949	1,896	1,840
Travel and vehicle operations	936	941	831
Education and training	559	307	307
Other	437	630	419
	26,009	23,847	22,853
Recovery of costs	(2,280)	(2,088)	(2,196)
	23,729	21,759	20,657
Shown as:			
Operations	18,134	16,354	16,206
Occupational health and safety	5,595	5,405	4,451
	23,729	21,759	20,657

The recovery of costs consists of costs incurred by the Commission on behalf of the Workers' Rehabilitation Centre which are reflected as health care payments.

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
OF NEW BRUNSWICK**
NOTES TO FINANCIAL STATEMENT**December 31, 1998****12. LEGISLATIVE OBLIGATIONS AND OTHER RELATED PARTY TRANSACTIONS**

The Commission is required by legislation to reimburse the Provincial Government for all operating costs of the Workers' and Employers' Advocates. During the year, costs incurred were as follows:

	1998 (\$000)		1997 (\$000)
	Budget	Actual	Actual
Workers' Advocate	335	324	305
Employers' Advocate	195	216	228
	530	540	533

Included in these statements are amounts resulting from normal operating transactions with various Provincial Government controlled departments, agencies and Crown Corporations with which the Commission may be considered related. Account balances arising from these transactions are included in the financial statements.

The following investments held by the Commission are issued by the Province or its agencies, or are issued by municipalities and guaranteed by the Province:

	1998 (\$000)	1997 (\$000)
Province of New Brunswick	1,748	200
Municipalities or Municipal Finance Corporation	0	34
	1,748	234

13. EMPLOYEE PENSION PLAN

The Commission and its employees participate in a contributory defined benefit pension plan, administered by the Province of New Brunswick, which provides pensions based on the length of service and best average earnings.

An actuarial valuation prepared as at April 1, 1989 indicated that the present value of the accumulated plan benefits exceeded the market value of the net assets available to provide for these benefits. The Commission's portion of the shortfall was determined to be \$2.6 million. The unfunded liability is being funded through 25 annual escalating payments which commenced in 1992.

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
OF NEW BRUNSWICK**

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

13. EMPLOYEE PENSION PLAN (CONTINUED)

Using the 1989 valuation, annual payments (including interest) in each of the next five years, bearing interest at CPI plus 2% (assuming an average rate of 6.5%) amortized to 2016, are as follows:

	(\$000)
1999	193
2000	205
2001	218
2002	233
2003	248

An actuarial valuation was prepared as at April 1, 1997. This valuation also indicates that the present value of the accumulated plan benefits continues to exceed the market value of the net assets available to provide these benefits. No change has been made to the funding based on this valuation.

14. CONTINGENT LIABILITY

Bill 21, *An Act to Amend the Workers' Compensation Act*, was proclaimed on February 26, 1998. Section 38.81 of this Bill reinstates benefits to surviving spouses who were disentitled on or after April 17, 1985 as a result of remarriage or cohabitation. As disclosed in note 7 (iv), these financial statements include the benefits liabilities for these reinstated benefits. Some survivors who were disentitled prior to April 17, 1985 claim their benefits should be reinstated and have commenced legal action. As the outcome of this action is not determinable, these financial statements include no related liability. If it is determined the Commission is held liable for the cost of any reinstatement, these costs will be accounted for as an expense in the year of occurrence.

15. UNCERTAINTY WITH RESPECT TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as the year 1900 or some other date, resulting in errors when information using year 2000 dates is processed. The effects of the Year 2000 Issue may be experienced before, on or after January 1, 2000 and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations.

The Commission has developed and is implementing a plan designed to identify and address the expected effects of the Year 2000 Issue on the Commission. As at December 31, 1998, identification and assessment of the Year 2000 readiness of third parties, such as customers, suppliers and others, is ongoing. The Commission is carrying out ongoing activities to modify, retire or replace computer systems identified to date which are not Year 2000 ready. However, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the Commission, including those related to the efforts of customers, suppliers or other third parties, will be fully resolved.

16. BUDGET

The 1998 budget figures which are presented for comparison with the actual figures were approved by the Commission's Board of Directors on October 2, 1997 and amended on November 19, 1997 and have not been audited.

1998

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
OF NEW BRUNSWICK**

ACTUARIAL STATEMENT OF OPINION

With respect to the *Workers' Compensation Act* of New Brunswick, I state that in my opinion:

1. The total benefits liabilities as at December 31, 1998 for benefit payments of all types expected to be made after December 31, 1998 (including capitalized awards and the effect of future indexing, occupational diseases and future administrative costs on existing claims) in respect of accidents of 1998 and prior years amount to \$455,418,496 for assessed employers and \$61,457,755 for self-insured employers (excluding benefits covered under the *Government Employees Compensation Act* and the *Silicosis Compensation Act*) for a total of \$516,876,251. The amount for assessed employers includes a reduction of \$6,000,000 as a result of a change in the inflation assumption for 1999.
2. The liability as at December 31, 1998 for pension contributions and interest already set aside by the Commission up to December 31, 1998 for purposes of providing pension benefits at age 65 to injured workers and dependent spouses of deceased workers is included in item 1. above and was obtained from the Commission's Finance and Administration Division staff. Also included in item 1. is an amount of \$780,130 which was due and payable to the Workers' Rehabilitation Centre as at December 31, 1998, and is included with claims payments in the Commission's annual financial statements.
3. The data on which the valuation is based are sufficient and reliable for the purposes of the valuation.
4. The actuarial assumptions adopted in computing the foregoing liabilities are adequate and appropriate, and the methods used are in accordance with accepted actuarial practice. The economic assumptions adopted for purposes of computing the above-noted liabilities are consistent with the basis of asset valuation adopted by the Commission. The discount rates used are disclosed in note 8 to the financial statements.

Details of the data, actuarial assumptions and valuation methods are set out in the actuarial report as at December 31, 1998, of which this statement of opinion forms part.

March 18, 1999



Conrad Ferguson
Fellow of the Canadian Institute of Actuaries
Morneau Sobeco

KEY STATISTICAL OUTCOME MEASURES

	(Unaudited)	
	1998	1997
Number of claims reported	25,375	24,443
Number of new lost-time claims	5,937	5,554
Number of fatalities accepted	17	17
Current year claims costs incurred (000s)	\$69,479	\$54,228
Claims payments made for current and prior years' injuries (000s)	\$82,579	\$72,132
Claims costs incurred for current and prior years' injuries (000s)	\$100,756	\$88,283
Total benefits liabilities – assessed employers (000s)**	\$455,418	\$435,265
Total benefits liabilities – self-insured employers (000s)*	\$61,458	\$63,434
Administration costs – Operations, excludes self-insured (000s)**	\$13,716	\$13,649
Administration costs – Occupational Health and Safety (000s)	\$5,405	\$4,451
Assessment revenue (000s)	\$78,772	\$72,055
Total premium revenue (000s)	\$91,738	\$85,984
Assessable payroll (000s)	\$4,983,178***	\$4,733,021
Average assessment rate	\$1.59***	\$1.55
Market rate of return on portfolio	8.5%	13.0%
Percentage funded	106.0%	102.5%

Certain 1997 figures have been restated to reflect more up-to-date information.

* New for 1998

** Restated for 1997 and now excludes self-insured

*** Projected pending receipt of final assessment figures for 1998

1998

**FIVE YEAR HISTORICAL FINANCIAL STATEMENTS
(UNAUDITED)**

**BALANCE SHEET
As at December 31**

	1998	1997	1996	1995	1994
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
ASSETS					
Receivables	6,574	6,891	5,900	7,415	7,627
Recoverable benefits liabilities	61,284	63,290	59,044	58,082	42,510
Investments	482,878	444,335	403,773	375,164	334,074
Capital assets	8,272	7,855	8,762	9,078	9,401
Other assets	412	343	354	234	204
	559,420	522,714	477,833	449,973	393,816

LIABILITIES AND FUND BALANCE (UNFUNDED LIABILITY)

Payables and accruals	10,839	11,192	9,914	23,170	8,068
Benefits liabilities	516,876	498,699	461,871	445,664	448,164
	527,715	509,891	471,785	468,834	456,232
Contingency reserves	0	0	0	279	279
Fund balance (unfunded liability)	31,705	12,823	6,048	(19,140)	(62,695)
	31,705	12,823	6,048	(18,861)	(62,416)
	559,420	522,714	477,833	449,973	393,816

NOTE: Certain of the above figures have been restated reflecting the retroactive effects of changes in accounting policies.

The 1994 figures represent a consolidation of the accounts of the Workers' Compensation Board of the Province of New Brunswick and of the New Brunswick Occupational Health and Safety Commission.

1998

**FIVE YEAR HISTORICAL FINANCIAL STATEMENTS
(UNAUDITED)**

STATEMENT OF OPERATIONS AND FUND BALANCE (UNFUNDED LIABILITY)

For the Year ended December 31

	1998	1997	1996	1995	1994
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
INCOME					
Assessments	78,272	63,055	60,244	69,637	81,312
Funding policy assessment	500	9,000	18,500	10,000	10,000
Self-insured employers	12,966	13,929	13,027	14,853	10,211
Investments and other	50,401	47,806	41,253	32,784	23,451
Province of New Brunswick	900	1,085	1,648	1,677	1,747
	143,039	134,875	134,672	128,951	126,721
EXPENSES					
Claims costs incurred					
Current year injuries	69,479	54,228	53,685	43,793	45,727
Prior years' injuries	31,277	34,055	32,555	18,616	18,146
	100,756	88,283	86,240	62,409	63,873
Administration					
Operations	16,354	16,206	16,512	16,592	16,993
Occupational health and safety	5,405	4,451	4,700	4,725	4,428
Appeals Tribunal	1,007	950	1,025	1,023	998
Legislative obligations	540	533	494	472	425
Risk management rebates	76	200	374	0	0
Projects and research	19	149	418	175	134
	124,157	110,772	109,763	85,396	86,851
Excess of income over expenses before unusual item	18,882	24,103	24,909	43,555	39,870
Unusual item	0	(17,328)	0	0	0
Excess of income over expenses for the year	18,882	6,775	24,909	43,555	39,870
Transfer from contingency reserves	0	0	279	0	0
Net change in fund balance (unfunded liability)	18,882	6,775	25,188	43,555	39,870
Fund balance (unfunded liability), beginning of year	12,823	6,048	(19,140)	(62,695)	(102,565)
Fund balance (unfunded liability), end of year	31,705	12,823	6,048	(19,140)	(62,695)

NOTE: Certain of the above figures have been restated reflecting the retroactive effects of changes in accounting policies.

The 1994 figures represent a consolidation of the accounts of the Workers' Compensation Board of the Province of New Brunswick and of the New Brunswick Occupational Health and Safety Commission.

BOARD OF DIRECTORS



he affairs of the Commission are administered by a Board of Directors consisting of persons who are appointed by the Lieutenant-Governor in Council. At any one time during the course of 1998, the following were members of the Commission's Board of Directors.

LÉONARD ARSENAULT is Chairperson of the Appeals Tribunal. As such, he is an ex-officio member of the Commission's Board of Directors. Mr. Arsenaault, who was deputy minister for the then Department of Advanced Education and Training from 1988 to 1991, served in two capacities at the Workers' Compensation Board: Vice-Chairman and Chairman of the Appeals Board.

SANDY BECKINGHAM of Dalhousie was a workers' representative of the Commission from December 21, 1994 until his term expired December 21, 1996; however, he was re-appointed in 1997. He previously served on the Workers' Compensation Board. Mr. Beckingham is the President of the Canadian Energy and Paper Workers' Union, Local 263 and Vice-President for Restigouche of the New Brunswick Federation of Labour.

TOM CALKIN of Rothesay has been President and Chief Executive Officer of the WHSCC since August 5, 1997. Before joining, Mr. Calkin spent 17 years in British Columbia. His background as a Certified Management Consultant (CMC) and professional engineer (P.Eng.) enabled him to occupy several senior executive positions with companies such as Stevenson Kellogg Ernst & Whinney, Mr. Jax Fashions, British Columbia Trade Development Corporation and Duncan Thomas & Associates.

GÉRALD CLAVETTE of Rivière-Verte is an employers' representative, working for Fraser Papers Inc. in Edmundston as a Government Affairs Coordinator. A teacher by profession, Mr. Clavette has been involved in public life for over 30 years. He has served on various boards – as a member of the Board of Governors of the Université de Moncton, member of the Edmundston Regional Hospital Board and over the past two years, as Chairman of the Northwest Industrial Commission.

GERRY CLUNEY of Moncton is an employers' representative. He is Vice-President, New Brunswick Division, Alliance of Manufacturers & Exporters Canada, and manager of provincial industrial trade associations representing employers in the metal working, fish processing, mining and general manufacturing sectors and Vice-Chairperson of the Board of Directors. Mr. Cluney is involved in a number of local, regional and provincial community and business organizations and has participated in various Commission activities over the years.

DARLINE COGSWELL of Rusagonis is a workers' representative nominated from the New Brunswick Nurses' Union. She previously served on the Occupational Health and Safety Commission. Ms. Cogswell is currently local President of the N.B. Nurses' Union, Oromocto Hospital, and voting member of the New Brunswick Nurses' Union Executive Council and Vice-Chairperson of the Board of Directors from January 1, 1998 to December 21, 1998, whereupon she was appointed Acting Chairperson.

MÉDARD COLLETTE of Moncton, Chairperson of the Board of Directors, is a fellow chartered accountant (FCA). He was a member of the Board of Directors of l'Assomption Mutual Life from 1978 to 1997 and Chairman of the Board from 1995 to 1997. He is also a former member and Chairman of the Board of the Dr. Georges-L. Dumont Hospital and of the Region One Hospital Corporation (Beauséjour). He was Vice-President, Administration of the Université de Moncton from 1967 until his retirement in 1994. Mr. Collette's appointment as Chairperson of the Board of Directors expired December 21, 1998.



PAT DARRAH of Saint John is an employers' representative, appointed December 21, 1996. He is the Executive Director of the Saint John Construction Association and is a board member of the Construction Association of New Brunswick.

BLAIR DOUCET of Bathurst is a workers' representative. He has been President of Local 5385 United Steelworkers of America for the past ten years, is past Vice-President of the New Brunswick Federation of Labour for the Bathurst region, and on two occasions served on the former Occupational Health and Safety Commission.

ROBERTA DUGAS, Mayor of Caraquet since 1992, is the representative of the public interest. She was a practicing nurse for 30 years, and has been involved in community and public service activities for many years. Ms. Dugas has been President of the Mayors' Forum for the Acadian Peninsula since 1994, and she is also a member of Canada Post Users Council for the Atlantic Provinces.

JIM MACDONALD of Centreville is a workers' representative and the business manager and financial secretary for the United Association of Plumbers and Pipefitters, Union Local 772. He is also the Vice-President for the New Brunswick Pipe Trades for United Association of Plumbers and Pipefitters and the Vice-President for the New Brunswick Council of Labour. He previously served on the Workers' Compensation Board. Mr. MacDonald's appointment as a member of the Board of Directors expired December 21, 1998.

GARRY SUDUL of East Riverside is an employers' representative. He is in charge of Corporate Human Resources for J. D. Irving, Limited in Saint John and previously served terms with both the Occupational Health and Safety Commission and Workers' Compensation Board.

OFFICIAL LANGUAGES



The Workplace Health, Safety and Compensation Commission (*Commission de la santé, de la sécurité et de l'indemnisation des accidents au travail*) actively offers and provides services of equal quality in both official languages. The Commission continuously strives to deliver its services in both official languages in order to achieve compliance with its linguistic service obligations. If a problem arises with the delivery of service in both official languages, staffing adjustments are made to ensure linguistic service obligations are met and training of employees in language skills and linguistic awareness is provided.

During the year, the Commission received one complaint with respect to lack of service in both official languages. The complaint was addressed immediately and corrective action was taken.

EXECUTIVE COMPENSATION

Senior executives of the Commission are compensated in accordance with policies approved by the Board of Directors. Effective July 1, 1998, salary ranges for senior executives were:

President and Chief Executive Officer	\$116,618 to \$135,000
Vice-President, Compensation and Rehabilitation Services	\$93,579 to \$108,329
Vice-President, Finance & Administration Services	\$83,587 to \$96,762
Vice-President, Prevention Services	\$83,587 to \$96,762
Vice-President, Planning and Program Evaluation Services	\$76,248 to \$88,267
General Counsel	\$76,248 to \$88,267

STATISTICAL INFORMATION

PREVENTION

GENERAL SAFETY ACTIVITIES

Workplace inspections	4,923
Orders written	3,572
Stop-work orders	49
Accident investigations	132
Fatalities investigated	10
Court cases	10
Work-site consultations	1,256
Workshops / training sessions / awareness education	179

HEALTH AND SAFETY EDUCATION ACTIVITIES

Workshops presented	357
Number of participants	5,239
Joint health and safety committees assisted	215

OCCUPATIONAL HYGIENE ACTIVITIES

Inspections / work-site consultations	526
Orders written	131
Stop-work orders	5
Accident investigations	2
Technical assistance	2,012
Workshops / presentations	24

STATISTICAL INFORMATION

COMPENSATION AND REHABILITATION

Fatalities

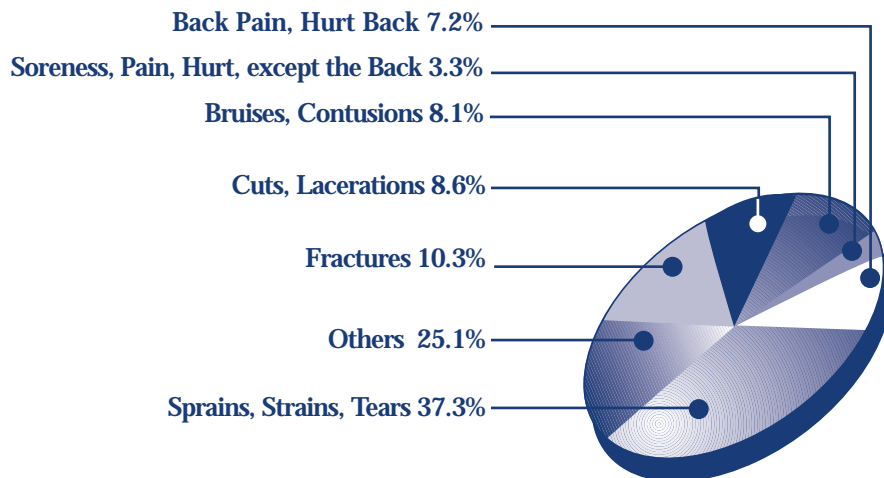
Fatalities for the Year

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Number of fatalities reported during the year for current and prior years	<u>24</u>	<u>12</u>	<u>17</u>
Number of fatalities accepted during the year for current and prior years	17	13	15
Number of fatalities accepted under the <i>Silicosis Compensation Act</i> and section 48(5.1) of the <i>Workers' Compensation Act</i> during the year for prior years' claims	<u>0</u>	<u>4</u>	<u>5</u>
Total fatalities accepted	<u>17</u>	<u>17</u>	<u>20</u>

NOTE: *Silicosis Compensation Act* and *Workers' Compensation Act* section 48(5.1) provide for transfer of pension benefits from the injured worker to the spouse in the event of death of the worker regardless of cause of death.

Injuries

Nature of Injury

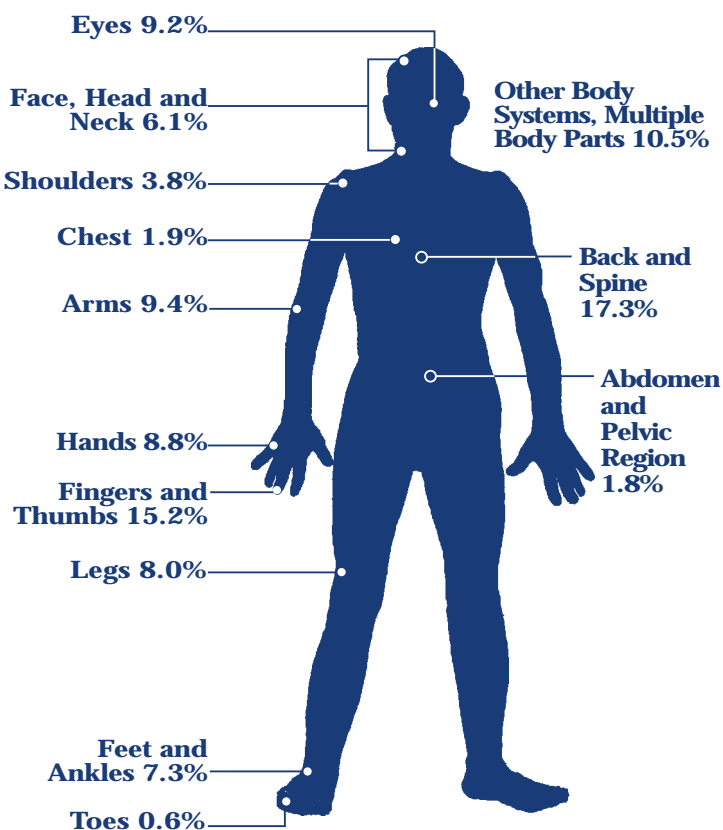


STATISTICAL INFORMATION

COMPENSATION AND REHABILITATION

Injuries

Region of Injury



Summary of Benefits

MAXIMUM ANNUAL EARNINGS	MAXIMUM WEEKLY EARNINGS	PERCENTAGE RATE FOR DETERMINING BENEFITS	MAXIMUM WEEKLY BENEFITS	EFFECTIVE DATE
\$44,100	\$848.08	80 of net	\$460.55*	January 1, 1998
		80 of net	\$483.63**	January 1, 1998
		85 of net	\$489.33*	January 1, 1998
		85 of net	\$513.85**	January 1, 1998

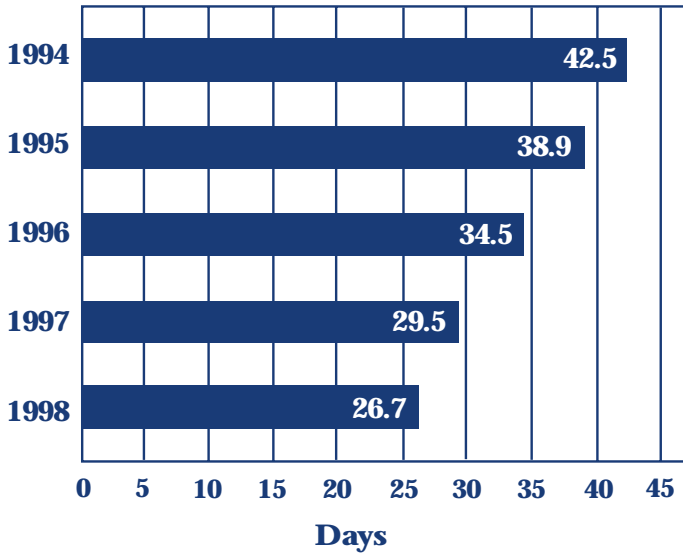
* No dependents
 ** Dependent spouse

STATISTICAL INFORMATION

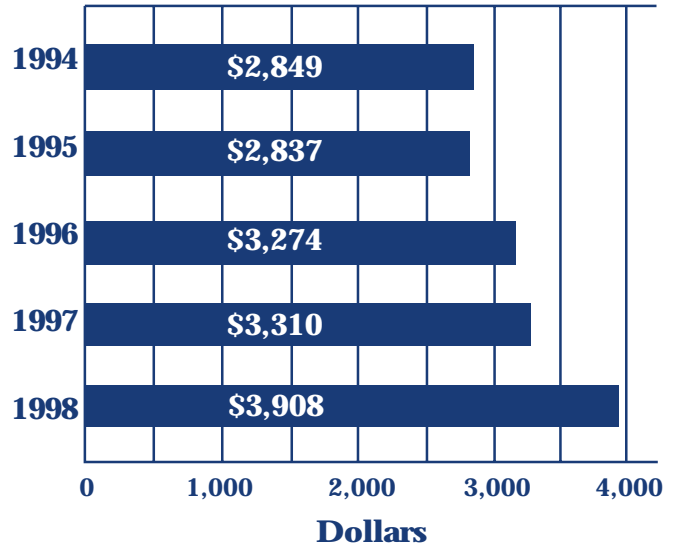
COMPENSATION AND REHABILITATION

Claims

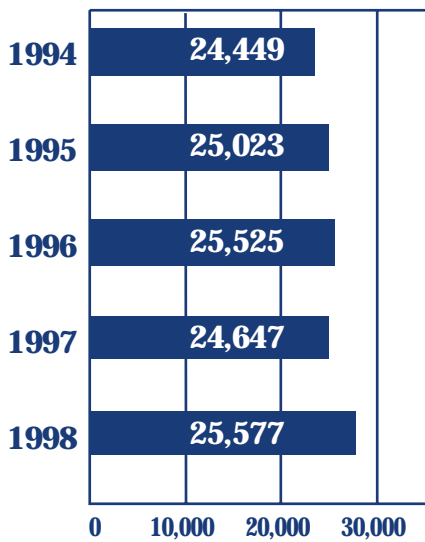
Average Time (in Days) from Reporting (of Injury) to First Payment



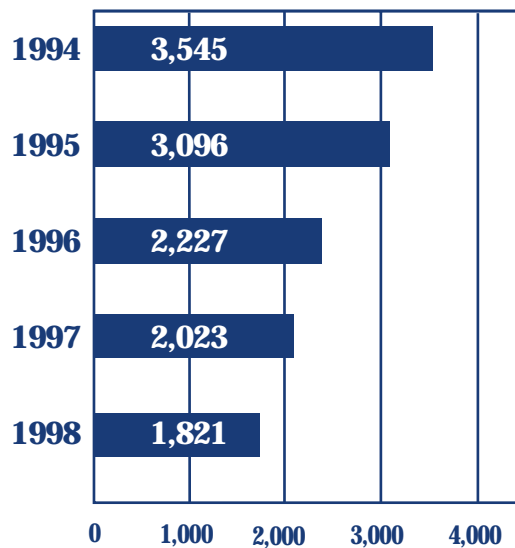
Average Payment per Claim



Number of Claims Adjudicated



Number of Unadjudicated Claims at December 31

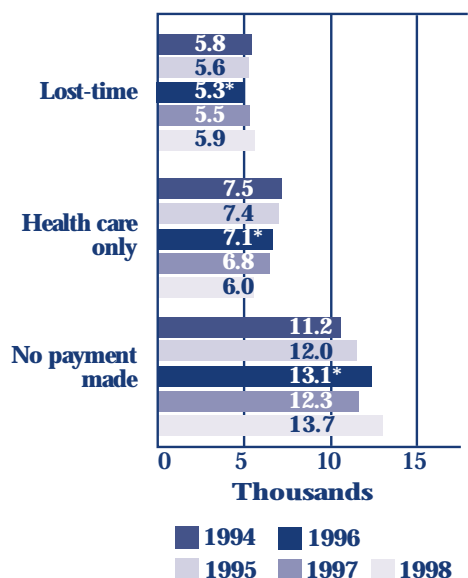


STATISTICAL INFORMATION

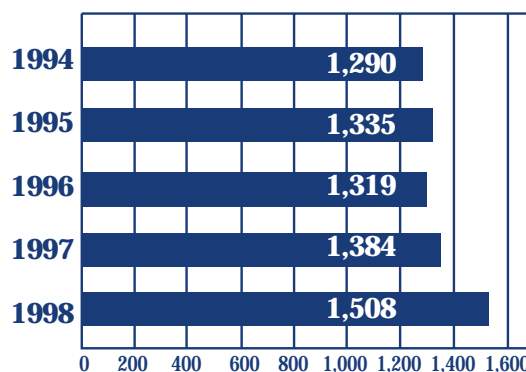
COMPENSATION AND REHABILITATION

Claims

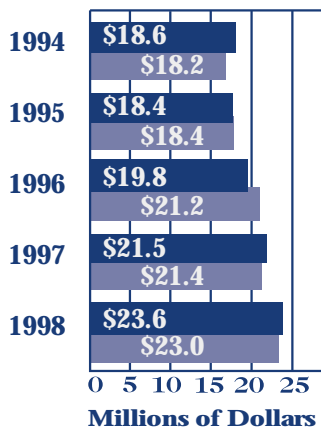
Number of Claims Adjudicated By Type



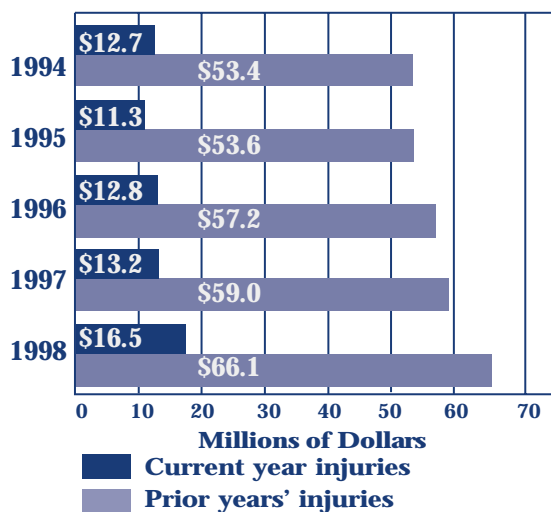
Number of Injured Workers Receiving Long-term Disability Benefits At December 31



Short-term Disability and Health Care Payments



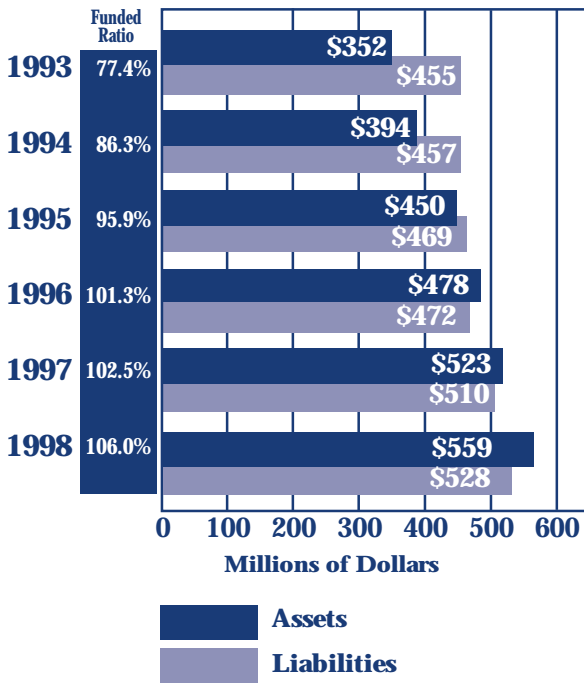
Benefits Payments



STATISTICAL INFORMATION

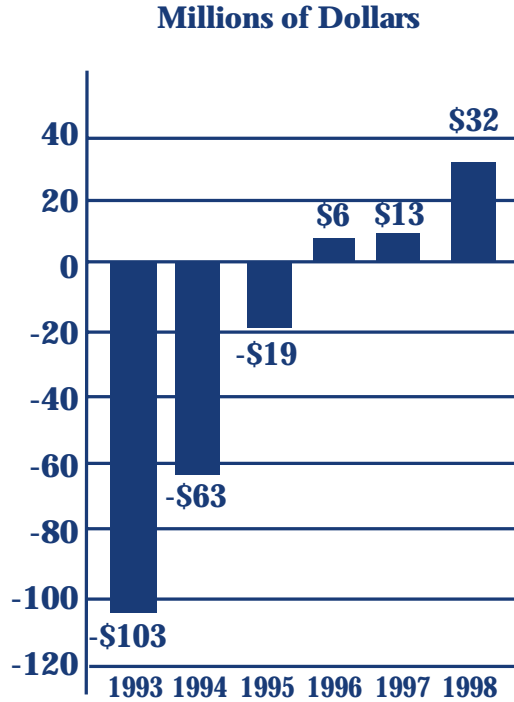
FINANCIAL

Comparison of Assets to Liabilities



Note: Certain of the above figures have been restated reflecting the retroactive effects of changes in accounting policies.

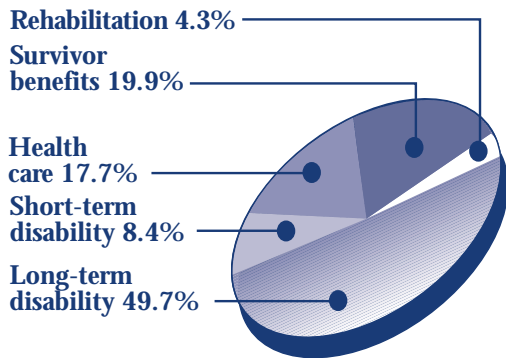
Funding History



after legislative amendments

Note: Certain of the above figures have been restated reflecting the retroactive effects of changes in accounting policies.

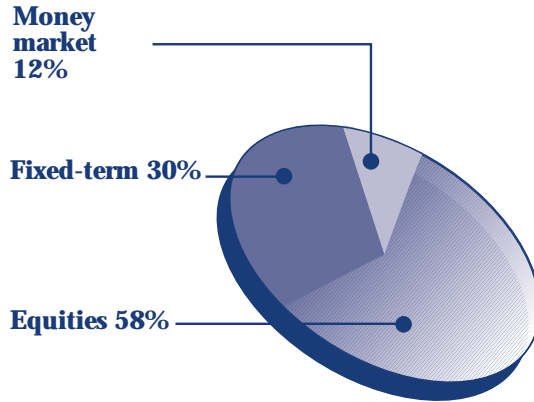
Benefits Liabilities
December 31, 1998



STATISTICAL INFORMATION

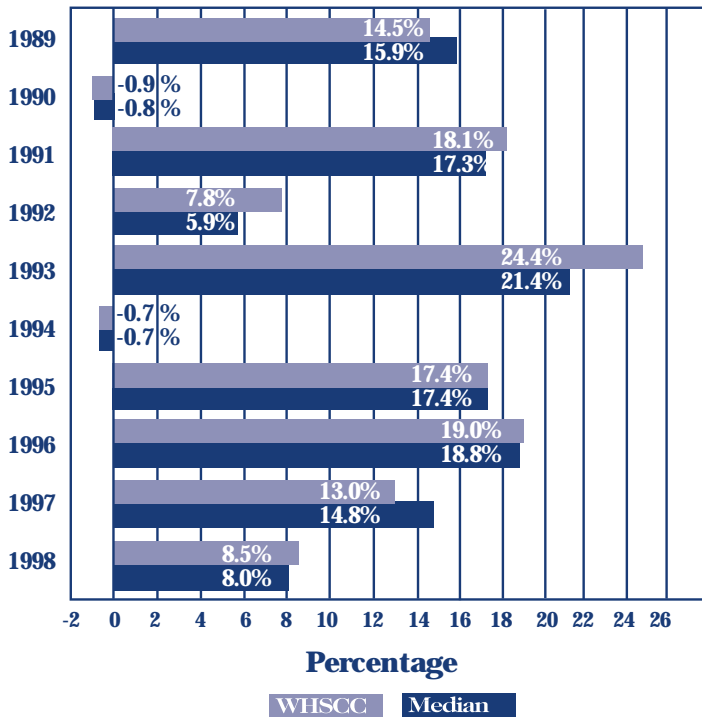
INVESTMENTS

Composition at Market Value
December 31, 1998

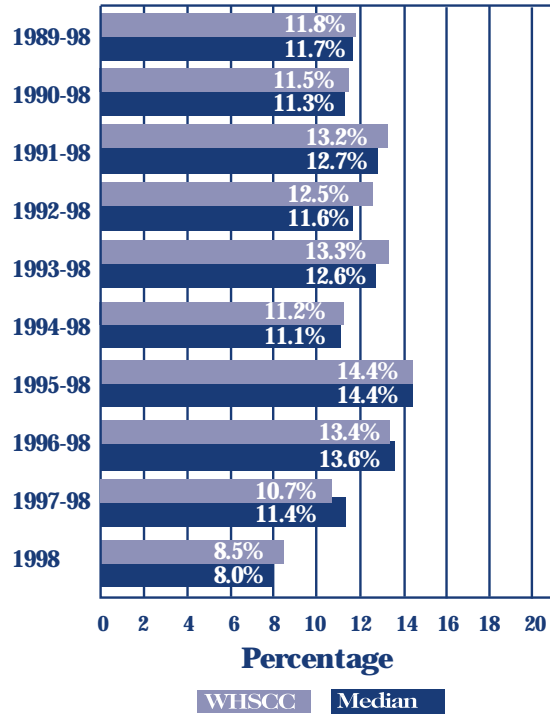


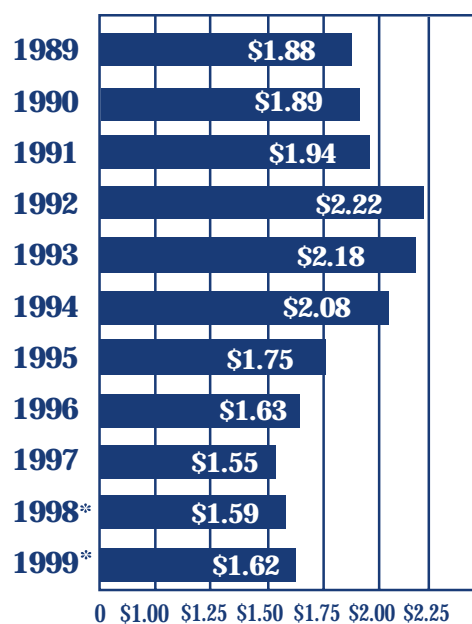
Market Rates of Return

Years Ending December 31



Annualized at December 31, 1998



STATISTICAL INFORMATION
ASSESSMENTS
**New Brunswick
Average Assessment Rate**


* **projected**

**Canada
Average Assessment Rates
(in 1998 Ascending Order)**

Jurisdiction	Actual 1996	Actual 1997	Projected 1998
Alberta	\$1.50	\$1.48	\$1.30
New Brunswick	\$1.63	\$1.55	\$1.59
Yukon	\$1.36	\$1.96	\$1.59
Saskatchewan	\$2.02	\$2.09	\$1.80
Northwest Territories	\$2.39	\$2.30	\$1.87
Manitoba	\$2.20	\$2.04	\$1.88
Prince Edward Island	\$2.15	\$2.12	\$1.97
British Columbia	\$2.29	\$2.26	\$2.12
Quebec	\$2.54	\$2.56	\$2.47
Nova Scotia	\$2.51	\$2.51	\$2.54
Ontario	\$3.00	\$2.85	\$2.59
Newfoundland	\$3.05	\$2.96	\$2.96

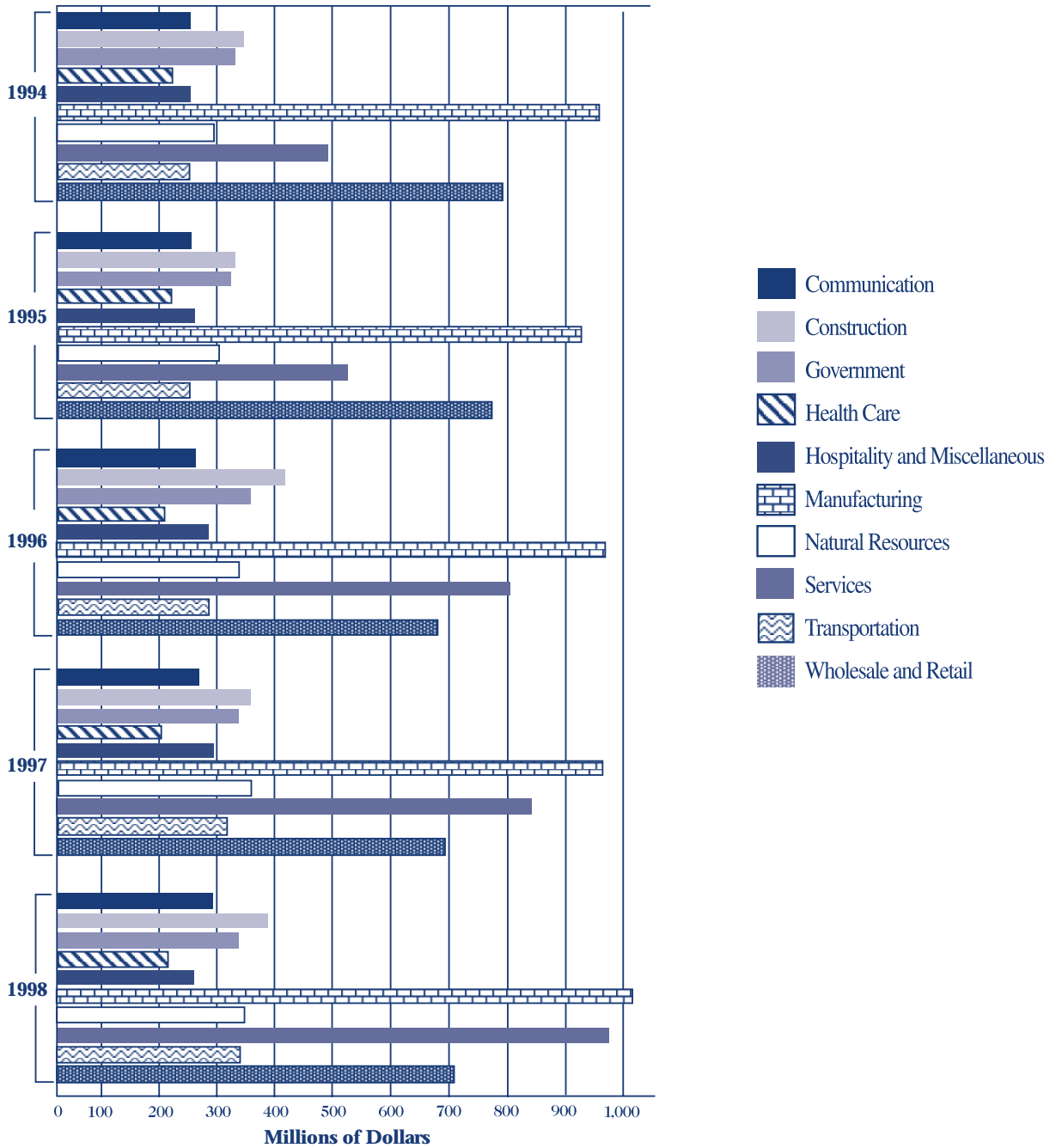
Note: Caution should be exercised in comparing provinces' and territories' average assessment rates. Interjurisdictional differences in extent of coverage, industry mix, benefits levels and assessable maximums can affect average assessment rates. The 1998 figures for some of the jurisdictions are only projections as actuals were not available at the time of printing.

Source: Association of Workers' Compensation Boards of Canada

STATISTICAL INFORMATION

ASSESSMENTS

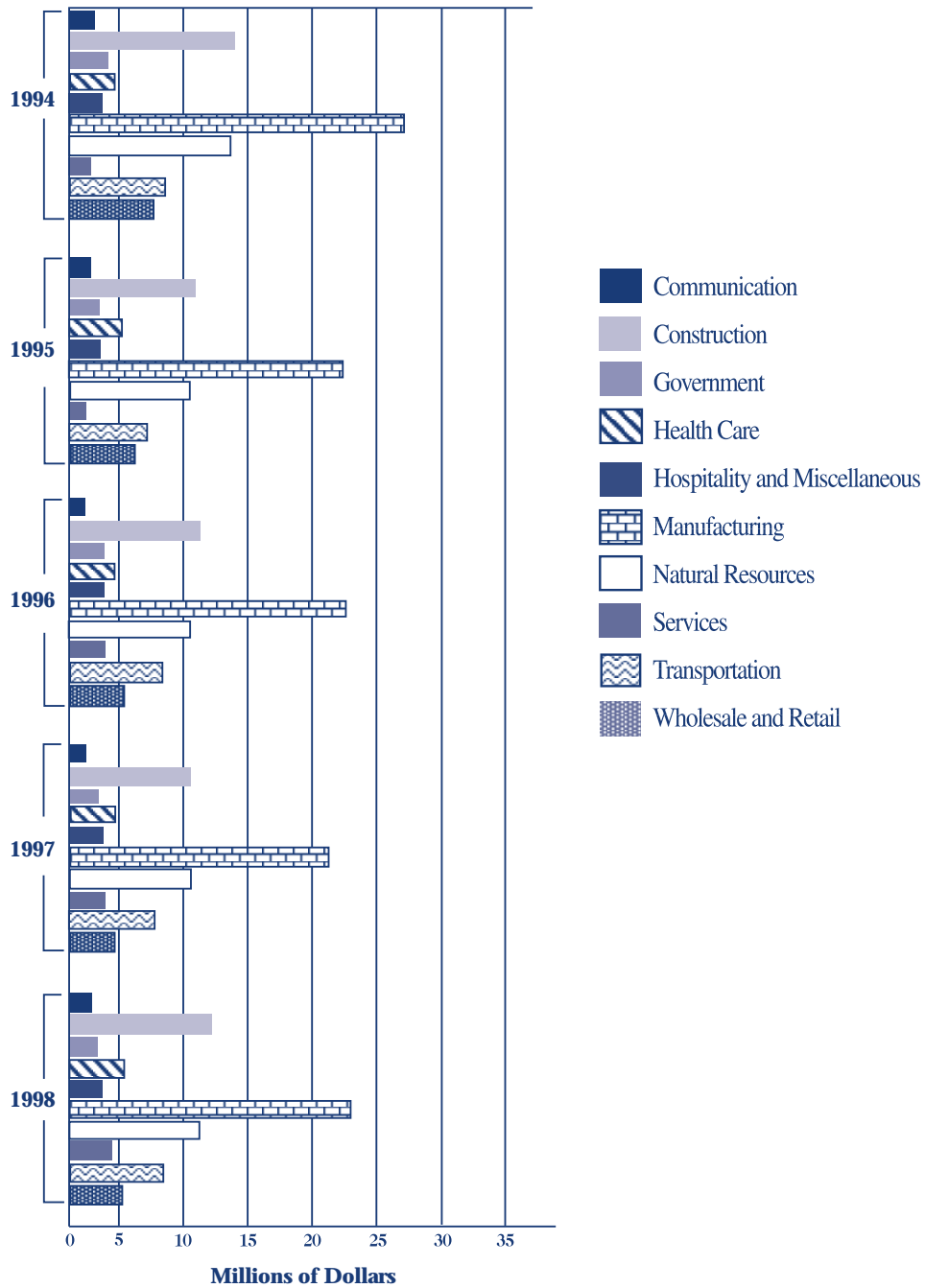
Payrolls by Sector



STATISTICAL INFORMATION

ASSESSMENTS

Assessments by Sector



STATISTICAL INFORMATION
LEGAL
THIRD PARTY RECOVERIES – WORKERS' COMPENSATION ACT

	<u>1998</u>	<u>1997</u>
Number of cases under management	90	83
Number of cases finalized	18	22
Legal fees on finalized cases	\$270,912	\$313,512
Workers' benefits paid	\$1,051,287	\$1,171,499
WHSCC recovery	\$1,450,249	\$1,627,553
Excess paid to workers	\$753,687	\$792,232
WHSCC percentage of recovery	109.7%	109.6%
Legal fees percentage of recovery	12.2%	19%

ARBITRATIONS – OCCUPATIONAL HEALTH AND SAFETY ACT

	<u>1998</u>	<u>1997</u>
Number of arbitrations	9	7
Number of arbitrations allowed	2	2
Number of arbitrations dismissed	2	2
Number of arbitrations resolved	3	1
Number of arbitrations withdrawn	2	2

PROSECUTIONS – OCCUPATIONAL HEALTH AND SAFETY ACT

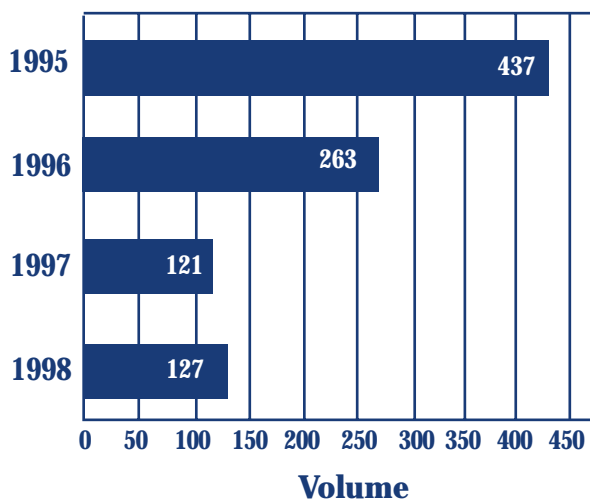
	<u>1998</u>	<u>1997</u>
Number of charges	16	7
Number of employers charged*	9	4
Number of employees (workers) charged	1	2
Number of convictions	8	3
Number of charges dismissed	1	0
Number of charges withdrawn	2	1
Number of charges outstanding	6	3
Value of fines	\$29,000	\$25,600

* In some cases, more than one charge has been laid.

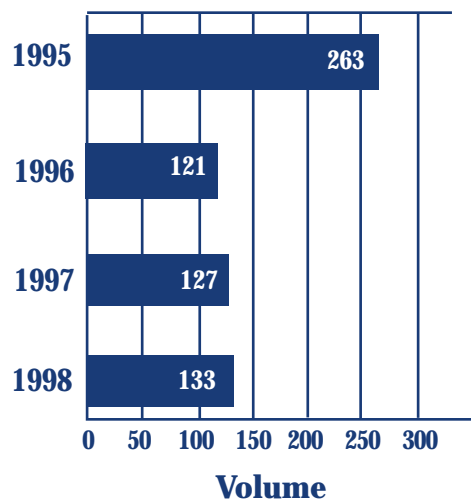
STATISTICAL INFORMATION

APPEALS

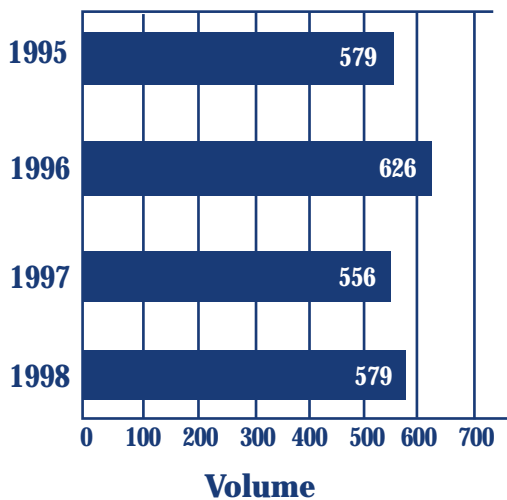
Appeals Pending – Beginning of Year



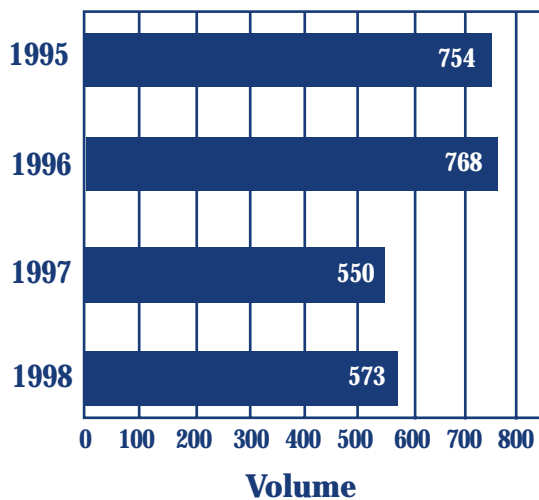
Appeals Pending – End of Year



Appeals Received



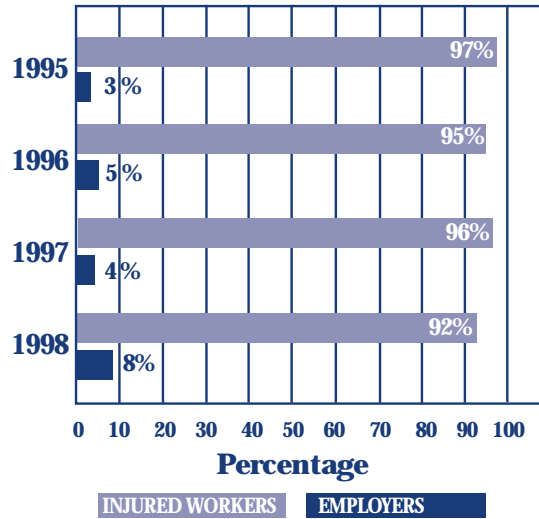
Appeals Resolved



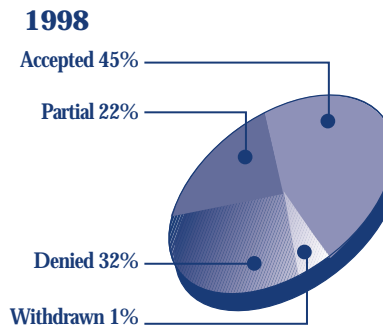
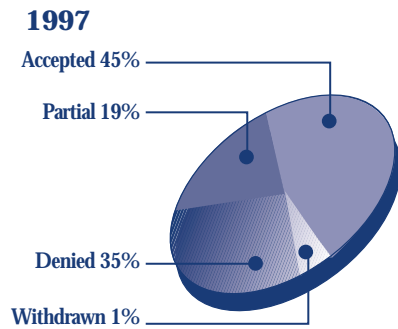
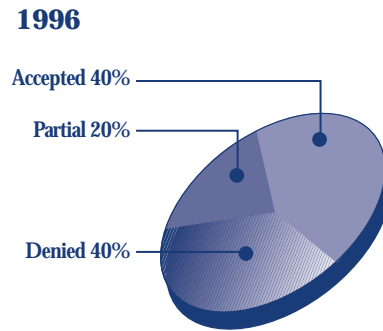
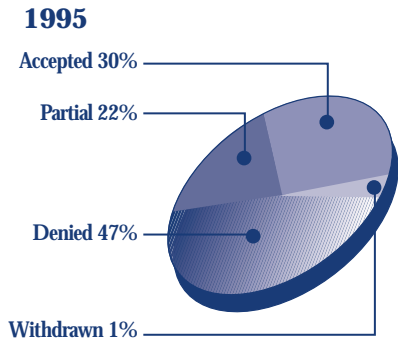
STATISTICAL INFORMATION

APPEALS

Appeals Initiated by:



Appeals Panel Decisions



**1998 ANNUAL REPORT
READER SURVEY**

We value your feedback. Please help us assess this year's Annual Report so that we can improve next year's report.

1. How much time did you spend reading the 1998 Annual Report?

- a) Less than 15 minutes
- b) 15 minutes to 1 hour
- c) More than 1 hour

2. What industry do you work in? (mining, transportation, health care, etc.)

3. On a scale of 1 to 5 (with 1 being least useful and 5 being most useful), please rate the following sections of the 1998 Annual Report.

- | | | | | | |
|--|---|---|---|---|---|
| a) Messages from the Chair and the President and CEO | 1 | 2 | 3 | 4 | 5 |
| b) Vision, Mission, Mandate | 1 | 2 | 3 | 4 | 5 |
| c) Divisional Accomplishments | 1 | 2 | 3 | 4 | 5 |
| d) Financial Statements | 1 | 2 | 3 | 4 | 5 |
| e) Statistical Information | 1 | 2 | 3 | 4 | 5 |

4. On a scale of 1 to 5 (with 1 being poor and 5 being excellent), how would you rate the following aspects of the 1998 Annual Report?

- | | | | | | |
|-----------------------|---|---|---|---|---|
| a) Overall content | 1 | 2 | 3 | 4 | 5 |
| b) Writing | 1 | 2 | 3 | 4 | 5 |
| c) Layout/design | 1 | 2 | 3 | 4 | 5 |
| d) Tables and figures | 1 | 2 | 3 | 4 | 5 |

5. What changes would you like to see for the WHSCC's 1999 report?

Thank you for your comments.

Please fax this form to (506) 642-0718 or mail it to:

Vice-President, Finance & Administration Services
and
Chief Financial Officer
WHSCC of New Brunswick
P.O. Box 160
Saint John, N.B.
E2L 3X9