The Workplace Health, Safety and Compensation Commission **2013 Annual Performance Report**

Serving approximately 13,000 injured workers and more than 19,000 employers, the Commission is an employer-funded, no fault insurance system that promotes safe and healthy workplaces, provides return-to-work programs and offers fair compensation to injured workers and their dependents.

2013 was the 100th anniversary of the workers compensation system in Canada.

Average Assessment Rate
2.75

Lost-time Incidence Rate per 100 workers
1.6

Funded Ratio
106.6%

Workplace Health, Safety and Compensation Commission

Contents

Letter to the Minister

The Honourable Dan Crummell
Minister of Service NL

Dear Minister Crummell:

As Chairperson of the Workplace Health, Safety and Compensation Commission (the Commission), I hereby submit the 2013 Annual Performance Report in accordance with the government's commitment to accountability. The report was prepared under my direction and in accordance with the *Transparency and Accountability Act* and the Guidelines for Category 1 Annual Performance Reports.

The report presents the achievements and outcomes of the Commission's 2013 objectives, and its 2011 to 2013 goals and indicators. The report also highlights future opportunities to support its commitment to providing services to injured workers and dependents, employers and the public through the administration of the *Workplace Health, Safety and Compensation Act*.

As Chairperson, my signature below is indicative of the board's accountability for the preparation of the Commission's Annual Performance Report 2013 and the achievement of the objectives as reported.

Ralph Tucker
Chairperson, Board of Directors
Workplace Health, Safety and Compensation Commission

May 28 2014
Date

Message from Ralph Tucker, Board Chair, WHSCC

Working with all of our stakeholders to nurture a safety culture

All of us - workers, employers, their respective stakeholder groups and the Commission – have continued to work collaboratively to create a growing safety culture in the province.

As a result of this cooperation and consultation with all stakeholders, injury rates in this province have been declining. For 2013, the injury rate has stabilized at 1.6 injuries per 100 workers, a dramatic improvement from the high of 5.16 per 100 workers in 1989. This is even more remarkable knowing that employment has been steadily increasing in this province in that period.

With two new leaders added during 2013, there are now 55 signatories in the Commission's CEO Safety Charter. Business and community leaders continue to demonstrate their commitment to health and safety at their workplaces.

Effective January 1, 2013 a new certification standard requiring training for all persons entering a confined space was introduced.

The Commission worked closely with industry stakeholder groups to develop that certification standard, and will continue to focus on preventing injuries through education and training on workplace health and safety.

The Commission also partners with the Department of Education, the Occupational health and Safety Branch of Service NL and Husky Energy to deliver a variety of youth-focused programs. This programming enables future generations to enter the workforce with the knowledge and understanding of their role in keeping themselves, and others safe at work. These efforts are paying off. The injury rate amongst young workers, at 1.5 per 100 workers, continues to fall below the provincial rate.

The Commission continues to work closely with the community on practical ways to address the rising number of occupational disease claims. Most recently, the Registry of the Former Workers of the Baie Verte Mine was completed. Over 1,000 former mine workers voluntarily registered, providing work history and health status details. This information assists the Commission in expediting the adjudication of occupational disease related claims from these former miners.

The Commission will continue to work closely with our stakeholders to identify areas for improvement, and to implement practical solutions to deal with ongoing issues. We will continue to collaboratively work with our employer and worker stakeholder groups to ensure workplaces are safe, that workers and supervisors are trained and know their responsibilities, and that our safety sector councils are effective.

My sincere thanks to our partners, the Board, management and staff on building the safety culture we see in our province today. I look forward to more collaboration, hard work and continued success in the future.

Remember, every worker in this province deserves to come home safely at the end of their work day.

Ralph Tucker
Chairperson, Board of Directors
Workplace Health, Safety and
Compensation Commission

Message from Leslie Galway, CEO, WHSCC

Improving client services and delivering affordable care and benefits

The worker's compensation system in this province is stronger now than it has been in over 30 years.

The injury fund (investments), which provides security for injured workers and sustainability for employers, has increased from $843 million in 2012 to over $1 billion in 2013. The funded position (percentage of assets available to fund total liabilities) has also increased 16.3 per cent from 2012 to 2013.

Due to prudent management of the injury fund and a growing culture of safety in the province, the Commission is pleased to be in a position to announce lower assessment rates and increased benefits. The average assessment rate for employers will decrease by $0.30 to $2.45 per $100 of assessable payroll effective January 1, 2014. This is the first time that rates have been reduced since 2006.

The maximum compensable and assessable earnings will also increase to $60,760 for new injuries in 2014. This is the highest wage-loss benefit offered in Atlantic Canada.

There are still significant challenges. All injuries are preventable. We call on all stakeholders to continue to provide leadership in preventing injuries in our workplaces. We remain focused on assisting those who have been injured to receive the compensation to which they are entitled, and to manage an early and safe return to work program that makes sense for them. Health care costs continue to rise, and we have negotiated Memorandums of Agreement with major health care providers. We continue to strive toward our funding target of 110 per cent, a level considered to represent financial sustainability.

We are also concerned with the rise in occupational disease claims in the province – resulting in 25 fatalities in 2013 compared to 20 in 2012. Given the long latency periods for many occupational diseases, this may be a concern for many years to come. The Commission will continue to work with our stakeholders to focus on creating awareness and training on preventing known occupational diseases in the years to come.

Please, join us in our effort to keep our workplaces injury-free. On behalf of the Commission, I'd like to extend thanks to our clients, employers, stakeholders and staff for their continued focus on improving the health and safety of our workplaces.

Leslie Galway, CEO
Workplace Health, Safety and Compensation Commission

AT A GLANCE | 2013

	2013	2012	2011	2010	2009
Incidence Rate[1]	1.6*	1.6	1.8	1.8	1.9
Soft Tissue Incidence Rate	1.1*	1.1	1.2	1.2	1.2
Short Term Disability Claims[2]	3,749*	3,742	4,070	4,012	3,999
Health Care Only Claims[2]	1,667*	1,768	1,959	2,137	2,335
Accepted Fatality Claims[3]	30	26	33	32	42
Accidents	5	6	6	13	25
Occupational Disease	25	20	27	19	17
Short Term Claims Duration[4]	38	39	39	40	39
Average Assessment Rate[5]	2.75	2.75	2.75	2.75	2.75
Registered Employer Accounts	19,449	19,135	18,291	17,161	17,001
Employer Assessments ($ million)	201.1	197.5	188.4	166.3	160.0
Claims Costs ($ million)[6]	156.0	153.2	154.0	149.0	156.3
Fund Balance ($ million)	67.1	-81.8	-71.6	-49.8	-105.9
Funded Ratio (%)	106.6	91.7	91.8	94.2	88.0

*Based on projections

1. Number of lost-time claims per 100 workers employed.

2. The forecasted number of new claims reported, accepted and paid up to March 31 of the following calendar year. Health care only claims do not involve lost time from work.

3. Accepted fatality claims are the total number of fatalities that were accepted in that calendar year.

4. Short-term claims duration is defined as the number of days for which temporary earnings loss benefits are paid for injuries occurring in the same reference year.

5. Average assessment rate is the rate actually charged per $100 of payroll.

6. Claims costs includes current year payments plus expected future payments for all injuries occurring and accepted in the year, excluding actuarial adjustments.

For further details on the Commission's key financial and operational statistics, please refer to the Management Discussion and Analysis and Financial Statements.

Board of Directors

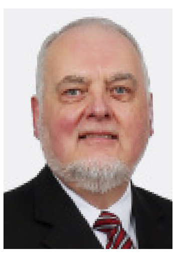
Board Chairperson

Ralph Tucker

Grant Barnes
Worker Representative

Greg Pretty
Worker Representative

Darren Roberts
Employer Representative



John Peddle
Employer Representative

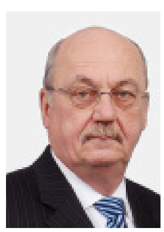
Elizabeth Forward
Public Representative

Jacqueline Fizzard
Public Representative

Vacancies (3)

External members of the Investments Subcommittee of the Financial Services Committee.

Ray Smallwood



William Holden

Natasha Trainor

Ex-Officio Members

Leslie Galway
WHSCC
Chief Executive Officer

Kimberly Dunphy
Assistant Deputy Minister, Occupational Health and Safety Branch, Service NL

Overview

Mandate

The Commission provides services to employers, injured workers and dependents, and the public through the administration of the *Workplace Health, Safety and Compensation Act* (the *Act*). These services include the promotion of workplace health and safety in order to prevent and reduce workplace injuries and occupational disease. The Commission also works to ensure injured workers receive the best care possible, receive benefits to which they are entitled, recover from their injuries, and return to work in an early and safe manner. In addition, the Commission must also ensure adequate funding for services through sound financial management.

Vision

The vision of the Commission is of safe and healthy workplaces within a viable and sustainable insurance system which reduces the impact of workplace injuries by providing the highest level of service to workers and employers.

Mission Statement

By December 31, 2016, the Commission will have improved client service to support the prevention and management of workplace injuries, illnesses and known occupational disease.

Values

Client Service

Each individual will provide accessible and timely service in the delivery of the Commission's programs to our clients.

Safety

Each individual will take responsibility for their own safety and the safety of coworkers and others in the workplace.

Compassion

Each individual will treat each other and those they serve truthfully, fairly and with care and empathy.

Leadership

Each individual will perform their roles and responsibilities and will work towards being a recognized leader in their position; and each individual will initiate and promote improvements in how they serve others and work together.

Teamwork

Each individual will support each other and work collaboratively to ensure the Commission fulfills its mandate.

Accountability

Each individual will be responsible for their actions and performance to help the Commission achieve its mandate.

Lines of Business

The Commission has three lines of business:

- Education on the prevention of workplace injuries, illnesses, and occupational disease.
- Injured workers' claims management.
- Employer assessments (insurance coverage).

Functional Areas

The Commission's lines of business are supported by four main areas:

- Employer Services – prevention and assessment services.
- Worker Services – compensation and health care services.
- Corporate Services – communications, corporate governance and planning, human resources, internal audit, legal and investigations.
- Financial Services – finance and information technology services.

For further details, please refer to the Commission's 2011-2013 Strategic Plan and the Commission's new 2014-2016 Strategic Plan available at whscc.nl.ca.

Position Breakdown by Gender

Females	**279**
Males	**83**
Vacancies	**34**
Total	**396**

Position Breakdown by Region

St. John's	**343**
Grand Falls - Windsor	**23**
Corner Brook	**30**
Total	**396**

Shared Commitments

Together, through mutual cooperation and consultation with our partners, stakeholders and clients, we are building a culture of safety in Newfoundland and Labrador and addressing occupational disease related claims.

Baie Verte Miners' Registry

The Registry of the Former Workers of the Baie Verte Asbestos Mine provides the Commission with quick access to information to help expedite the adjudication of occupational disease related claims from former Baie Verte mine workers.

1,003

Now added to Miner's Registry

Workers registered in the Baie Verte Miners' Registry

Injury-free Employers

92.1%

Percentage of Injury-free Employers

Completed in April 2013, the registry is a database containing the work history and health status of former workers at the mine, their exposure to asbestos at the mine, and the possible health impacts. The information was collected with the consent of the workers, and 1,003 have registered.

Produced by Memorial University's SafetyNet, the registry is the first of its kind in Canada. The Baie Verte community, the United Steelworkers Union (USW) and the Commission all collaborated to provide oversight during its development.


The BACK STRONG, BACK FISHING initiative was launched in the Burin Peninsula area the week of April 22, 2013, just prior to North American Occupational Safety & Health (NAOSH) Week. A collaborative effort between health care providers on the Burin Peninsula and the Commission, the campaign promotes healthy living amongst seasonal fish harvesters by preventing back injuries.

Training Standards

The Commission has legislative responsibility to promote public awareness of, and to educate employers and workers about, workplace health and safety. The Commission continues to partner with the Occupational Health and Safety (OHS) Branch of Service NL and community stakeholders to develop and implement training standards targeted at high-risk areas.

Effective January 1, 2013, a new certification standard was introduced requiring all persons entering a confined space to participate in a two-day training course. At the end of 2013, the Commission had approved 20 training providers and 130 trainers to provide confined space training in the province.

130

Confined space trainers in the province

Trainers available in Newfoundland and Labrador

Fish Harvesting Safety Association

Throughout 2013, the Commission focused on supporting the newly formed Newfoundland and Labrador Fish Harvesting Safety Association (NL-FHSA), which is committed to reducing workplace injuries, illness and fatalities in one of the world's most dangerous occupations, fish harvesting.

Operating with the advisory support of the Commission, OHS Branch and the Department of Fisheries and Aquaculture (DFA), the NL-FHSA hired its Executive Director in 2013 and has been completing its needs analysis through community consultations.

The NL-FHSA is funded over its initial five years by a $750,000 contribution from DFA and the Commission, and a $585,000 contribution from the fish harvesting industry, including industry representatives, the Professional Fish Harvesters' Certification Board (PFHCB), the Fisherman's Benefit Trust, and special project-based funding.

The Commission also continues to work with other safety sector councils established in high-risk industries – including the Municipal Safety Council, Newfoundland and Labrador Construction Safety Association and the Forestry Safety Association of Newfoundland and Labrador.

Highlights & Accomplishments

Through prudent management of the workers' compensation system, and a growing culture of safety in the province, the Commission is well positioned to meet the needs of all workers and employers in Newfoundland and Labrador.

Secure Financial Position

The Commission's financial position is the best it has been in over 30 years. The injury fund (investments), which provides security for injured workers and sustainability for employers, has increased from $843 million in 2012 to over $1 billion in 2013. For the second consecutive year the Commission was able to transfer cash to the injury fund, this year amounting to $26.5 million.

The funded position (percentage of assets available to fund its total liabilities) has also increased from 91.7 per cent in 2012 to 106.6 per cent for 2013. This improvement is primarily due to higher investment returns of 16.3 per cent in 2013 (versus 10.9 per cent in 2012).

For 2013, the Commission maintained the average base assessment rate at $2.75 per $100 of assessable payroll and increased the maximum compensable and assessable earnings limit from $52,885 for 2012 to $54,155 for 2013. Assessments of $2.50 per $100 of assessable payroll are paid by employers to cover anticipated costs of workplace injuries, return-to-work programs, prevention initiatives and the cost of administering the workers' compensation system. A further $0.25 assessment surcharge is added to address the previous funding deficit. Individual employer rates are based on the cost experience of the industry group in which employers are classified.

Funded Ratio

106.6%

Funded Position for 2013

Lower Rates and Higher Benefits Announced for 2014

For the first time since 2006, the Commission announced in December that it will lower the average assessment rate for employers by $0.30 to $2.45 per $100 of assessable payroll effective January 1, 2014. This continues to include the $0.25 surcharge. A vast majority

Injury Fund

$1.0B

Injury Fund in $ billions

of employers, 99.8 per cent, will see a decrease in their assessment rates for 2014. While this rate decrease means an estimated 10 per cent less in assessment revenue for 2014, it is expected to be more than sufficient to cover the anticipated costs of new injuries for that year.

The Commission also announced an increase in maximum compensable and assessable earnings from $54,155 in 2013 to $60,760 for 2014. This means that workers injured in this province during 2014 will be eligible to receive a maximum of $60,760 in wage-loss benefits – the highest in Atlantic Canada.

Safety Learning Symposium

The Commission hosted its first Safety Learning Symposium in St. John's on October 17, 2013. The day offered 220 registered participants 12 concurrent safety workshops on topics such as Creating an Effective OHS Committee, Legislative Requirements for Violence Prevention and Working Alone, Chemical Exposures at Work and Preventing MSIs in the Workplace. Based on the positive feedback received at the event, the Commission is planning a second symposium for 2014.

PRIME

The PRIME program rewards employers who implement and document occupational health and safety and return-to-work practices, and holds those with higher costs of injuries responsible. Employers who meet all the practice incentive criteria under the applicable policy receive a 5 per cent practice refund. Employers with low claims costs can receive experience refunds while those with high claims costs are charged an additional experience fee.

Employers must meet the practice incentive criteria to be eligible to receive a refund under the experience component. In 2013, the refunds available and refunds issued under PRIME continues to grow. The total value of PRIME refunds available increased from $19.7 million in 2012 to $23.1 million in 2013. Likewise, the total value of refunds issued to employers increased from $13.4 million in 2012 to $16.3 million in 2013.

More employers are meeting PRIME requirements. For the first time, the Commission has accrued a net experience incentive for PRIME of $6.2 million to reflect the increase in experience refunds received by employers. As well, the percentage of injury-free employers in the province has increased to 92.1 per cent in 2013, up from 89.9 per cent five years ago.

Claims Management Improvements

During 2013, the Commission introduced a new application which now automates complex compensation benefit calculations and payment processes. This will improve efficiencies and overall management of payment services for injured workers.

As well, a new early and safe return-to-work form provides more meaningful reporting, leading to better support for employers and workers for specific return to work issues. The online version, now available to over 4,000 employers, is also proving convenient for employers to submit more complete and accurate forms.

Employers

Revenue from employer assessments increased to $201.1 million in 2013 from $197.5 million in 2012. As well, the number of employer accounts registered with the Commission increased to 19,449 in 2013, up from 19,135 in 2012. More employers are taking advantage of the Commission's interest-free payment plan. There were 4,186 payment arrangements in 2013, up from 3,620 in 2012. The total value of all payment plans increased to $99.7 million in 2013, up from $86 million in 2012. The payment plan offers a variety of payment schedules to meet many different business cycles.

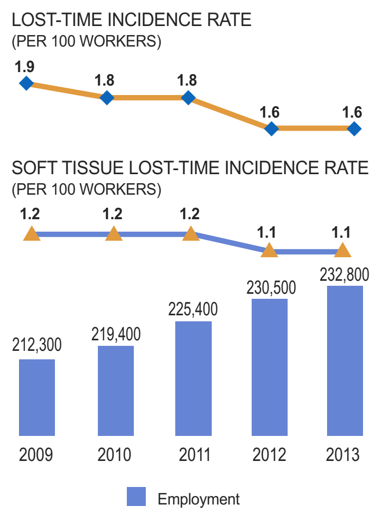
Lost-time Incidence Rate

1.6

Per 100 workers

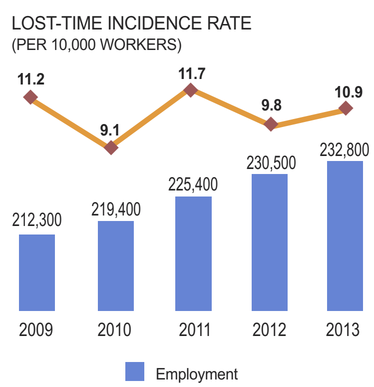
LOST-TIME AND SOFT TISSUE

INCIDENCE RATES 2009 -2013



SERIOUS INJURIES

INCIDENCE RATES 2009 -2013



Key Statistics

The past decade has been a period of significant improvement for the Commission – including a record financial performance and a growing culture of safety in the province. Yet, there remain areas for improvement.

Safer Workplaces

Workplaces in Newfoundland and Labrador have become safer over the last decade. In fact, 92.1 per cent of employers in the province are now injury-free, up from 91.8 per cent in 2012 and up from 85.8 per cent in 2003. This is testament to the shared commitment among employers, workers, government, independent organizations and the Commission in the province.

Injury Rate

The lost-time incidence (LTI) rate is a standard measure of workplace safety. In Newfoundland and Labrador, the LTI rate for 2013 remains at 1.6 per 100 workers, the same as 2012. The rate had been decreasing steadily for 13 years, and has improved dramatically from its high of 5.2 per 100 workers in 1989. This improvement is even more significant given that the annual average employment in the province is rising.

While the injury rate has stabilized for 2013, its dramatic decline over the past 20 or so years shows a vibrant culture of safety in Newfoundland and Labrador. Yet, 15 workers are injured on the job every day. The extent to which further reductions in the injury rate can be achieved, or to avoid an upward swing, depends on the Commission maintaining its focus on educating and creating awareness of preventing workplace injuries.

Young Workers

Young workers continue to lead the province in reducing workplace injuries. The lost-time incidence rate for young workers has been decreasing over the past decade and continues to register below the provincial injury rate.

However, young worker injuries showed a slight increase in 2013 to 1.5 per 100 workers compared to 1.4 per 100 workers in 2012. The Commission strongly believes that focusing on our youth now will foster a culture of safety in the workplace for the next generation of workers in Newfoundland and Labrador.

Focus Areas

Injuries are preventable. The Commission continues to closely watch injury rates to determine where to focus prevention awareness and training.

The injury rate for falls from heights has been decreasing, reported as 8.5 per 10,000 workers in 2013, down from 8.6 in 2012 and from 11.8 five years ago. Training certification in fall protection was developed in partnership with the OHS Branch, and this area will continue to be a focus.

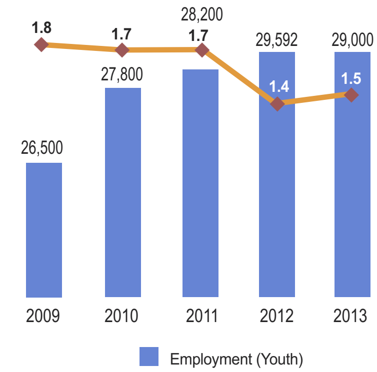
The serious injury rate has fluctuated over the past five years. In 2013 the rate was 10.9 per 10,000 workers, up from 9.8 in 2012 but down from 11.2 in 2009. This is a broad category that highlights the importance of a multi-faceted approach to prevention awareness.

The incidence of reported injuries due to assaults and violent acts in the workplace continue to increase, now at an injury rate of 5.7 per 10,000 workers up from 5.4 in 2012 and 2.9 five years ago. In 2009, OHS Regulations were revised to include workplace violence prevention and working alone. Since then, the Commission has partnered with the Royal Canadian Mounted Police and Royal Newfoundland Constabulary to offer workshops and meet with high-risk employers. The Commission will continue its focus on preventing workplace injuries in this area.

For full details on the Commission's key statistics and financial performance for 2013, refer to the Management Discussion & Analysis and Financial Statements.

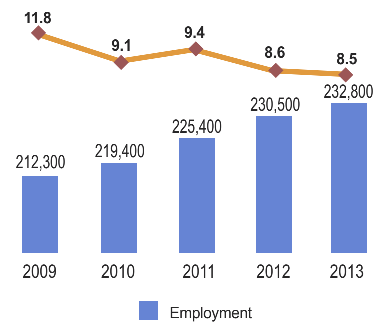
YOUNG WORKERS

INJURY RATE (PER 100 WORKERS)



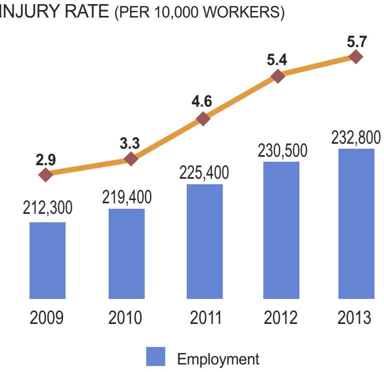
FALL FROM HEIGHTS

INJURY RATE (PER 10,000 WORKERS)



ASSAULTS AND VIOLENT ACTS

INJURY RATE (PER 10,000 WORKERS)



Injured Workers satisfied

76%

Overall worker satisfaction with the Commission in 2013

Opportunities & Challenges

The greatest opportunity to reduce costs, ensure financial sustainability of the system and ensure workers are satisfied with the Commission is to prevent workplace illnesses and injuries in the first place. However, when injuries do occur, recovery and returning to work safely become the immediate challenge.

Returning to Work

The Commission continues to focus on its core programs that help injured workers return to work, namely its Early and Safe Return to Work (ESRTW) and Labour Market Re-entry (LMR) Programs. For 2013, this included improvements to the forms for the ESRTW program, concerted efforts to proactively involve injured workers in their return-to-work plans and more involvement from the medical community. Survey results for 2013 show that 71.9 per cent of injured workers are satisfied with the frequency of contact from the Commission, up slightly from 71.1 per cent in 2012. Also, 75.9 per cent of injured workers are satisfied with being able to access staff of the Commission, up from 71.9 per cent in 2012. Overall, injured worker satisfaction with the Commission's services has improved to 76.0 per cent for 2013 versus 74.5 per cent in 2012. The trends are positive, yet the Commission continues to see an opportunity to improve.

The Commission enhanced its management reporting for the ESTRW program. This enables the Commission to remain vigilant in facilitating early and safe return to work for injured workers.

The medical community plays a critical role in caring for injured workers, their recovery and their possible return to work. In order to strengthen that role and foster partnerships, the Commission conducted sessions with nurse practitioners in rural Newfoundland and Labrador, students in the Masters of Public Health Program and students at Memorial University's medical school.

Employers satisfied

74.4%

Overall employer satisfaction with the Commission in 2013

Returning a worker to meaningful employment is a priority, one that must be done in the best interest of the worker's medical situation.

Health Care Costs and Access to Services

There remain ongoing challenges with timely access to health care services and rising health care costs. The Commission has negotiated Memorandums of Agreement (MOA) with all major health care provider groups, and continues its focus on early intervention and proactive case management. This provides for earlier and more effective medical management of claims. As well, the Commission procures medical and health care items and services through the public tendering process in order to control costs.

Occupational Disease

The incidence of occupational disease in this province is on the rise, and is expected to continue to increase. In 2013, 25 workers died of occupational disease, compared to 20 in 2012. This comes with considerable cost to the families involved, and to the workers' compensation system in general. Given the latency periods involved with some known occupational diseases, including cancers, this will continue to be a challenge for many years to come.

In 2013, the Commission implemented a new occupational disease ad campaign to bring awareness to the hazards associated with working with silica, asbestos, fumes, chemicals and noise. The Commission also delivered workshops and webinars on occupational asthma, chemical exposures and the characteristics of known occupational disease in the workplace.

Starting in August, the Commission also began working directly with employers at higher risk for known occupational disease to educate them on preventing exposures and increasing worker protection. The Commission will continue its focus on creating awareness around preventing known occupational disease.

The Commission's new Strategic Plan for 2014–2016 will continue the focus on client service, claims management delivery, injury prevention, and financial sustainability in order to address these ongoing challenges.

REPORT ON PERFORMANCE ONE-YEAR PROGRESS UPDATES:

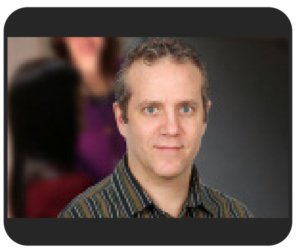
2013 OBJECTIVES & INDICATORS

PROGRESS UPDATES: 2013 Objectives and Indicators

The Workplace Health, Safety and Compensation Commission's (the Commission) 2011 to 2013 Strategic Plan provides the overall direction for the Commission; highlights the four strategic issues representing its key priorities; and describes the strategies and supporting initiatives intended to direct operations and deal with key emerging issues affecting the workers' compensation system. These strategic issues were identified in consideration of government's strategic direction, as well as the Commission's mandate and available resources.

2013 results support the achievement of the Commission's mission, as well as government's strategic direction of improved client service within a financially sustainable system. This report highlights progress against the key strategic goals and objectives which are focused on client service, claims management delivery, prevention and financial sustainability.

Strategic Issue 1: Client Service



The Commission understands that client service must be an area of strategic focus in order to become client centered and deliver on its commitment of providing high quality service to its clients. In 2011, the Commission completed an assessment of its approach to client service which formed the basis for its client service strategy. The Commission has adopted a multi-year approach to implement the strategy to ensure existing service levels are met for injured workers and employers. Over the past year, the Commission continued to implement elements of the strategy to improve service and to support the achievement of its 2013 objective. A major focus was the completion of a client segmentation study. The Commission also continued to survey injured workers, employers and employees; perform quality assurance work; deliver client service excellence training; and complete work process enhancements. The 2013 survey results show an increase in injured worker satisfaction from 74.4 per cent in 2012 to 76 per cent in 2013 with improvements noted in clarity of communication, accessibility and frequency of contact. Employer satisfaction increased slightly from 74 per cent to 74.5 per cent with improvements noted in keeping employers informed, information being easy to understand and frequency of contact. The Commission's efforts support the achievement of its strategic goals and government's strategic direction of improved client service within a financially sustainable system. Delivering a high standard of service will continue to be an area of strategic focus for the Commission in 2014 and beyond.

Goal: By December 31, 2013, the Commission will have improved client service.

Objective: By December 31, 2013, the Commission will have implemented key initiatives to improve service delivery.

Measure: Implemented key initiatives to improve service delivery.

INDICATOR
Completed the client segmentation study and developed recommendations.

The Commission contracted the services of an external consultant to complete a client segmentation study in 2013. This study surveyed injured workers and employers to help the Commission understand its clients by identifying different segments of clients and their specific priorities in terms of how they might best receive service from, or interact with, the Commission.

The different client segments were defined based on their preferred mode of communication including online or website, in person or mail, and by telephone. In response to the survey results, the study outlined recommendations designed to better meet the needs and preferences of the Commission's different client segments. This information will be used by the Commission to enhance its overall service and better inform future client service initiatives.

The Commission's client service working group began developing a plan in 2013 which prioritizes and responds to the recommendations of the segmentation study. This inter-departmental working group works toward fostering internal communications, engaging staff in corporate initiatives and identifying client service improvements in consideration of the Commission's strategic plan, client service strategy, and injured worker and employer surveys. Results of the client segmentation study will be a key consideration of this group in identifying future directions and client service improvements.

Results from the segmentation study show that telephone service is fundamentally important to both injured workers and employers. In response, a proactive, call-out approach was implemented in a regional office to assist clients throughout their claim. The Commission will continue its focus on service delivery, through phone or in-person, as much as possible. As well, the Commission will continue to invest in developing and promoting online services specifically for employers in the province. Given the long-term relationship between an employer and the Commission, certain repetitive interactions are considered well-suited for online delivery. Understanding the service delivery preferences of our clients has allowed the Commission to implement service delivery improvements, and will inform service delivery decisions going forward.

Strategic Issue 2: Claims Management Delivery

The Commission strives to ensure injured workers receive timely decisions, wage-loss benefits and health care to facilitate recovery at work and enable workers to return to work in an early and safe manner. Continued improvement of the Commission's early and safe return to work program and claims management services was a strategic focus for the Commission in 2013. Changes were introduced to business processes, technology and reporting through the claims management model initiative. These changes focused on making improvements to claim duration factors within the Commission's control. The 2013 work efforts have contributed to the Commission's success and overall achievement of government's strategic direction of improved client services within a financially sustainable system.

Goal: By December 31, 2013, the Commission will have further improved the delivery of claims management services.

Objective: By December 31, 2013, the Commission will have further improved delivery of claims management services.

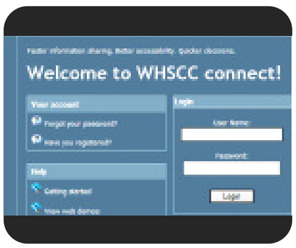
Measure: Improved delivery of claims management services.

INDICATOR
Continued implementing improvements to claims management services.

The Commission's ongoing commitment to improving claims management services for clients continued over the past year. Key improvements in 2013 included a new application for compensation benefit calculations and payment processing, the introduction of a new early and safe return to work (ESRTW) planning form and a new service for submitting ESRTW plans online. These initiatives are key elements of the Commission's claims management model.

The new application streamlines and automates previously highly manual payment processing tasks, resulting in improved processing efficiencies, effectiveness of benefit rate calculations and internal controls. Beyond processing efficiencies, these changes will result in overall better management of payment services for injured workers.

A second key initiative included improvements to the ESRTW program. The ESRTW planning form was revised to capture key data regarding ESRTW planning efforts to enable more meaningful reporting, improved management of the program and better support for specific return to work issues. The new form also includes a checkbox for indicating worker participation in the process in response to injured worker feedback. A new online service for ESRTW planning and reporting was also implemented to the Commission's web portal to offer employers a convenient method for submitting more complete and accurate forms. Further details of these improvements are outlined in the next update for the indicator "Implemented changes to return to work program delivery to benefit Commission clients".



Quality assurance is an integral aspect of the Commission's claims management services to ensure continuous improvement of service delivery for clients. In 2013 efforts were focused on supporting claims management teams using the new technologies as part of overall transition efforts; developing recommendations for future technology and process changes; and improving reporting to enable better management of Commission programs and services.

The Commission's staff also identified and made changes to internal processes to improve telephone access for the Commission's clients and create opportunities for more proactive communications with injured workers on important claims management issues. Survey results for 2013 show that injured worker satisfaction with accessibility increased from 71.9 per cent in 2012 to 75.9 per cent in 2013. Injured worker satisfaction with the frequency of contact also showed an increase, moving from 71.1 per cent to 71.9 per cent in 2013. Overall injured worker satisfaction with Commission services moved from 74.5 per cent to 76.0 per cent.

INDICATOR

Implemented changes to return to work program delivery to benefit Commission clients.

Over the past year, the Commission implemented a number of key changes to improve the ESRTW program to benefit injured workers and employers. In December a new ESRTW planning and reporting form was launched. The new form was designed to capture key data in the ESRTW planning process which will improve reporting and management efforts related to the program. The changes will also enable the Commission to support injured workers and employers in addressing specific issues related to return to work efforts. The new form requires employers to confirm the worker's involvement in the development of the ESRTW plan in direct response to survey feedback from injured workers regarding their participation in the planning process. The Commission also added the ESRTW plan as a new web service in 2013, meeting its commitment to offer more online services to its clients. The new service was automatically made available to the over 4,000 employers registered for **connect**, the Commission's web portal. Employers can submit forms online at their convenience and ensure the information is complete and accurate. These improvements enhance the overall efficiency and effectiveness of the ESRTW program.

Changes were introduced in 2013 to involve greater inter-departmental collaboration between the Worker Services and Prevention Services Department in the development and delivery of an ESRTW workshop series across the province. The workshop focused on effective ESRTW practices specific to musculoskeletal injuries (MSIs). MSIs have potentially devastating long-term impacts on injured workers as well as serious long-term impacts on organizations including high claims costs and duration. The workshop series focused on the legislative requirements related to ESRTW, effective return-to-work strategies for workers with MSIs and practical ways for employers to enhance ESRTW planning efforts.

The Commission also targeted specific employer groups in its 2013 efforts to promote the benefits of effective ESRTW practices including the reduction of financial impacts and improving the success of a worker's return to his or her job. The Commission targeted employers that were experiencing a high incidence of workplace injuries and related costs. These efforts focused on promoting ESRTW program improvements specific to these employers and developing an action plan for realizing these improvements. The Commission worked with employers to enhance communication around ESRTW efforts, to identify and resolve barriers and to establish ESRTW best practices. These efforts will continue in the future.

The Commission also identified opportunities to increase the collaboration between and involvement of workplace parties in the development of ESRTW plans and to support employers in identifying suitable and available work. Where necessary, dedicated support by Commission staff has been established to provide guidance in the establishment and ongoing management of ESRTW plans. These efforts are consistent with survey feedback from injured workers and recommendations outlined in the Commission's ESRTW enhancement plan.

Through the Commission's Physician Resource and Education Program (PREP), a Commission physician and claims management staff person provide education sessions to physicians across the province on the significance of ESRTW, the critical role physicians play in the ESRTW process, and the importance of providing the medical information necessary to facilitate an injured worker's recovery and return to work. In 2013, a session was conducted with 70 family practice residents from the medical school at Memorial University of Newfoundland (MUN). The session was well received and the Commission received formal acknowledgement from the school indicating their interest in continuing the relationship with the Commission. Sessions were also provided to nurse practitioners in rural areas of the province and a lecture detailing the workers' compensation system was provided to Masters of Public Health students and the MUN Faculty of Medicine. Ongoing discussions also occurred in 2013 with individual physicians.

Enhanced data capture and management reporting was implemented in 2013 to manage critical aspects of claims management and the ESRTW program. This information is also being analyzed to develop key performance measures related to referrals, the ESRTW program and return to work outcomes.

Strategic Issue 3: Prevention

Healthy people in safe and productive workplaces require a culture with safety as a core value in the workplace. There is sufficient evidence to suggest that over the past decade, safety has become a core value in many workplaces in Newfoundland and Labrador. In 2013, the injury rate maintained a level of 1.6 per 100 workers, the lowest point in over 60 years. This safety performance could not have been achieved without the efforts of workers, employers, unions, and a strong legislative framework provided by government.

Despite the improvement, 15 workers continue to be injured every day in Newfoundland and Labrador. Workplace parties must continue the dialogue and find solutions to the root cause of injuries at work. It is only through this systematic process that the burden of workplace injury on workers and their communities can be reduced.

The Commission delivers a number of programs and services designed to reduce workplace injuries and illnesses in the workplace. These programs and services are guided by the Commission's prevention strategy, *Engagement to Action: A Prevention Strategy for Newfoundland and Labrador*. The strategy was developed in partnership with the OHS Branch of Service NL, and the Commission's partners and stakeholders. This strategy outlines shared values and principles in workplace injury prevention, and the critical importance of education, enforcement, and engineering at the workplace. The strategy supports government's strategic direction of improved client service within a financially sustainable system and combines a robust enforcement framework with effective education to lead to an advanced safety culture.

Goal: By December 31, 2013, the Commission will have implemented key elements of the integrated prevention strategy.

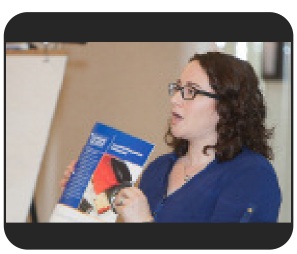
Objective: By December 31, 2013 the Commission will have continued implementation of the integrated prevention strategy.

Measure: Continued implementation of the prevention strategy.

INDICATOR
Continued implementing elements of the integrated prevention strategy.

The prevention strategy clearly outlines the target populations regarding the prevention of injuries in the workplace, including workers, youth, supervisors, sector councils and high risk occupations. The Commission's prevention efforts have been strategically focused on these target populations.

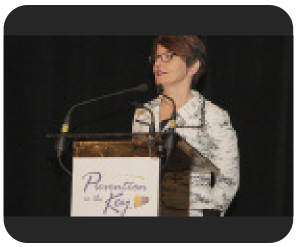
Implementation of the key elements of the integrated prevention strategy continued throughout 2013. These elements included a review of the OHS committee program, workplace health and safety education for employers and workers, targeted outreach for high-risk employers, promotion of industry safety sector councils, workplace violence prevention initiatives, the CEO Safety Charter program, young worker prevention initiatives, and workplace health and safety prevention promotion for the public. Other elements of the prevention strategy implemented in 2013 included a new training standard for confined space entry and education initiatives targeting occupational disease prevention. Refer to details of the new training standard and the Commission's occupational disease prevention initiatives elements which are outlined on page 24 to 25 of this report.



OHS Committee Program. In 2013, the Commission began its review of the OHS Committee Program with a focus on updating the certification training curriculum, reporting forms, online services, trainer audits and outreach initiatives. The review included stakeholder consultations with employers, labour and safety sector associations, including presentations at safety conferences. The review will be completed in June 2014 with updated standards, curriculum, and forms expected towards the end of 2014.

Health and Safety Education. The Commission continues to advance workplace health and safety education for employers and workers through enhanced certification training standards; delivery of workshops and webinars; contact through workplace site visits and audits; increased support from Prevention staff for priority employers with high incidence rates to educate on employer-specific prevention activities; and greater internal collaboration between prevention and case management to better support employers. In 2013, the Commission also hosted its first Safety Learning Symposium in St. John's. There were a total of 12 concurrent safety workshops offered, providing program choices for the 220 registered delegates. Based on the positive feedback from employers and workers, the Commission has planned a second safety symposium for 2014.

The Commission continues to use the prevention workshop series as its vehicle to educate workers and employers throughout the province. In 2013, the Commission delivered a total of 116 workshops to 2,290 participants, an increase of 51 per cent in delivered workshops compared to 2012. Attendance at workshops increased 66 per cent in 2013 when compared to 2012. An additional 2,493 employers and workers attended other prevention presentations delivered by the Commission. In addition, five new webinars were delivered on PRIME[1], Occupational Asthma, New Employer Overview of Commission Services, Chemical Exposure in the Workplace and Roles and Responsibilities of Worker Health and Safety Representatives with participants throughout the province.



Targeted Outreach Program. In 2013, the Commission continued to focus its injury prevention efforts on industries with poor safety performance relative to their peers. Specific industries of focus in 2013 included fish harvesting, service, manufacturing, health care and retail and wholesale trade. The Commission collaborated with representatives from these industries to educate workers on the industry-specific high-risk activities including machine guarding, lifting, manual handling and back injury prevention.

Industry Safety Sector Councils. Supporting sector safety councils remains a priority for the Commission as it underscores the importance of industry collaboration and partnerships in addressing safety priorities and issues. In 2013, the Commission focused its efforts on supporting the new Fish Harvesting Safety Association in Newfoundland and Labrador and the Municipal Safety Council. The Commission continues to work with existing sector councils including the Newfoundland and Labrador Construction Safety Association and the Forestry Safety Association of Newfoundland and Labrador to advance injury prevention efforts in these high-risk industries.

Workplace Violence Prevention. In keeping with a focus on high-risk occupations as outlined in the prevention strategy, the Commission completed education and awareness initiatives on workplace violence prevention and working alone in 2013. The Commission also integrated violence prevention and working alone into the Commission's OHS auditing process. Employers at risk of workplace violence were offered educational sessions through structured risk assessments and were provided with control strategies to protect workers.

CEO Safety Charter Program. In 2013, the Commission welcomed Mr. Len Simms, CEO, NL Housing Corporation and Mr. Mark Poulin, CEO, Sobeys, as 2013 inductees to the CEO Safety Charter. The total number of CEOs who have signed the charter to date is now 55. The Commission also developed a new breakfast series for the signatories in 2013 along with the release of a new promotional video and six CEO safety vignettes. The charter continues to be marketed and promoted at trade shows, safety conferences, and during speaking engagements.

Young Workers. The Commission continued to increase health and safety education and awareness amongst young workers – a major focus included in the prevention strategy. The Commission believes that safety education should be interactive, fun, and effective. The Commission completed season 5 of SAFE Work NL's *Who Wants to Save a Life*? game show in April of 2013. Season 5 included many highlights, including TV broadcasts on Rogers TV of the semi-finals and finals. Over 14,000 youth participated in the show. In September, Season 6 was launched and featured travel to remote schools throughout the province, pilot shows in elementary schools, and the TV broadcast of a larger volume of shows. Since the inception of the game show five years ago, over 30,000 youth have participated in or attended the show.

[1] PRIME is the Commission's employer incentive program. Under PRIME, employers can impact the assessments they pay by meeting their practice requirements under the practice incentive component and managing their claims costs under the experience component.

The Commission also ran successful editions of the SAFE Work Video/Radio Ad Contest in 2013 for students in grades 7-12 throughout the province. Students are encouraged to share their thoughts on workplace health and safety and injury prevention using the creativity of audio and video media. New this year to the prize offerings was the Viewers' Choice Award, whereby the top 10 entries were posted online, giving the general public the opportunity to vote for their favourite safety video. The Commission also delivered the Health and Safety Educator of the Year Award in 2013 to promote effective health and safety education in our school system.

The Commission also revised the curriculum for the Workplace Safety 3220. This revised high school course, which has been renamed to Occupational Health and Safety 3220 (OHS 3220), was submitted to the Department of Education in 2013 for approval. The Commission also completed extensive revisions to the student textbook for the course.

Health and Safety Promotion. The Commission has a legislated mandate to promote public awareness of workplace health and safety as a means to reduce the occurrence of workplace injury, illness and disease. In 2013, the Commission developed and delivered a new awareness campaign regarding occupational disease prevention, continued its social marketing campaign on the back protection agent and released promotional videos under the CEO Safety Charter.

INDICATOR

Continued implementing prevention initiatives related to known occupational diseases.

For the reporting period 2011 to 2013, an average of 24 workers in Newfoundland and Labrador died each year from an occupational disease or illness. It is incumbent on all stakeholders to work diligently to protect workers from hazards that expose them to these diseases and illnesses. The Commission released a three-year strategy to address increased awareness and prevention of occupational disease in 2011. This strategy provides a framework for educating and raising awareness about known occupational diseases in Newfoundland and Labrador.

The Commission implemented a new occupational disease ad campaign in 2013 which ran in print and on radio. Five occupational health hazards were the subject of the campaign, namely silica, asbestos, fumes, chemicals and noise. The campaign goal was to create awareness of these occupational disease hazards and to persuade workers and employers to determine if there are risks of exposure before starting certain work tasks.

The Commission continued to develop and implement new workshops and webinars on known occupational disease. The workshops provide workers with more education on worker protection from exposure to agents that cause disease and illness. In 2013, the Commission delivered nine workshops and webinars to 178 participants throughout the province on occupational asthma, chemical exposures and characteristics of known occupational disease in the workplace. In addition, occupational disease prevention presentations were delivered at all major safety conferences held in 2013.

The Commission also invited employers at higher risk for known occupational disease to participate in educational initiatives aimed at preventing exposures and increasing worker protection. This outreach began in August 2013 with meetings and presentations conducted on areas such as the frequency and severity of occupational disease. A respiratory protection program audit tool was developed to assist employers in the outreach program. The Commission also developed new modules for the OHS 3220 high school course to educate students on occupational health, hearing protection and mental health. This curriculum will teach youth about various occupational diseases, illnesses, and exposures and give students greater knowledge in this area. The Commission also delivered a presentation at the Canadian Society of Epidemiology and Biostatistics conference in June describing the development of an occupational disease reporting strategy and outlining how the reporting strategy helps measure the burden of illness among this province's working population.

The Commission developed a formal framework to evaluate the occupational disease prevention strategy which ended in 2013. The evaluation will be completed early in 2014 and will provide insight into future work in this important area of health and safety.

INDICATOR
Implemented new OHS training standard for confined space entry.

The *Workplace Health, Safety and Compensation Act* outlines the legislative responsibility of the Commission to develop standards for the certification of persons required to be certified under the *Occupational Health and Safety Act*. The Commission must also approve training programs for certification training providers and certify persons who meet the standards. Where certification standards exist, employers must ensure all training is provided by approved providers only. The OHS Branch of Service NL has the authority to issue stop work orders in any workplace where these training requirements have not been met.

Effective January 1, 2013, the Commission, in partnership with OHS Branch at Service NL, implemented a new certification training standard for confined space entry. The implementation of this standard requires all persons entering a confined space to participate in a two-day training course from an approved training provider. Confined spaces are hazardous working environments that pose immediate danger to the life and health of workers. The Commission believes that implementing this new standard will provide workers with a higher level of awareness and protection and prevent serious accidents from occurring.

At the end of 2013, the Commission had approved 20 training providers and 130 trainers to provide confined space entry training in the province. Trainer audits were also completed to assess compliance with the new training standard.

The Commission will continue to work with all workplace parties to identify hazardous work activities, assess viable controls, and advance the agenda of educating workers through certification in order reduce the incidence of workplace injury.

Strategic Issue 4: Financial Sustainability

The Commission practices sound financial management of the funds collected through employer assessments to ensure the financial sustainability of the insurance system. Managing sustainability is done through investment policy, establishing experience based assessment rates, eliminating new injuries through effective prevention initiatives in our workplaces and providing affordable compensation benefits while pursuing cost containment initiatives.

The Commission takes a long-term view in managing and evaluating the performance of the injury fund given the extended nature of injured worker benefits. The Funding Policy announced in January 2009 provides guidance to ensure the Commission responds to external factors in a controlled and responsible manner. It provides for minimum annual adjustment to assessment rates in order to avoid relatively minor fluctuations year over year. While the funded position has continued to improve under this policy, several more years of positive returns and stable claims cost experience are required before the Commission achieves its funding target.

Through continued adherence to the Funding Policy, implementation of sound management practices, and consolidated procurement practices, the Commission continues to provide for the long-term security of injured worker benefits within employers' reasonable ability to pay.

This supports the achievement of government's strategic direction of improved client services within a financially sustainable system.

Goal: By December 31, 2013, the Commission will have implemented further management practices to support the financial sustainability of the workplace injury/illness compensation system.

Objective: By December 31, 2013, the Commission will have implemented further management practices to support the financial sustainability of the workplace injury/illness compensation system.

Measure: Implemented management practices.

INDICATOR
Implemented cost containment strategies to mitigate rising health care costs.

The Commission continues to consolidate its procurement of medical and health care items through the public tendering process in an effort to improve cost-effectiveness of service delivery. In 2013, the Commission extended contracts and re-tendered products and services as they expired in an effort to contain costs. This included a Memorandum of Agreement with occupational rehabilitation providers. Rising health care costs is an important issue for the Commission. Consolidation of procurement of medical and health care items through the public tendering process is an effort to improve cost-effectiveness of service delivery and help mitigate the rate of growth in health care costs. The Commission also closely monitors the utilization of health care products and services to help ensure the most cost-effective and medically appropriate treatments. The Commission issued six requests for proposals, 19 tenders and three requests for quotations in adherence to the public tendering process, in addition to the ongoing tendered and contracted goods and service arrangements.

INDICATOR
Completed enterprise risk management assessment.

In support of achieving its objectives and overall mandate, the Commission has developed various risk management programs, techniques and processes in all major operational and functional areas including internal control processes; governance practices; procurement protocols; service delivery standards; information technology security and data protection; and privacy policies and procedures. To further strengthen existing risk management activities, the Commission engaged a consultant in 2013 to conduct an enterprise risk management assessment. The assessment provided additional perspectives and insights into ERM best practices and the risk management role of the Board of Directors from a strategic perspective. The overall goal of the assessment is to strengthen Board governance practices and decision making through the systematic identification of emerging issues, legal, financial, human resource, client service, operational, and stakeholder considerations; and to improve the overall coordination of risk management functions. The ERM assessment was completed in 2013 and in 2014, the Commission will develop an action plan to address the recommendations.

REPORT ON PERFORMANCE THREE-YEAR PROGRESS UPDATES:

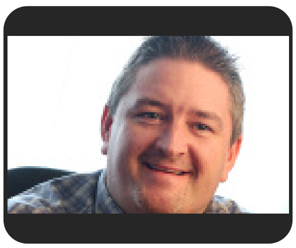
2011 - 2013 GOALS & INDICATORS

PROGRESS UPDATES: 2011 - 2013 Objectives and Indicators

The following section highlights performance information for the Commission's progress against each of its four goals for the 2011 to 2013 Strategic Plan. These goals were identified in consideration of the Commission's mandate, key priorities and limitations, and the strategic direction of government, as applicable to the Commission. Results demonstrate the Commission has achieved its commitments in four goal areas, as well as supported government in achieving its strategic direction of improved client service within a financially sustainable system.

Strategic Issue 1: Client Service

Goal: By December 31, 2013, the Commission will have improved client service.



Client service is intrinsic in each of the Commission's lines of business, whether it is providing compensation and health care services for injured workers, or promoting and fostering a safe and healthy workplace for all workers and employers, or ensuring employers' assessments reflect their work injury experience. Client service is, and will continue to be, an area of strategic focus for the Commission to ensure the Commission delivers on its commitment of high quality service. The Commission has undertaken a number of initiatives to improve client service over the past three years. These efforts are making a difference to our clients. The 2013 injured worker and employer survey results demonstrate improvements in satisfaction with the services the Commission provides. Overall injured worker satisfaction jumped from 58 per cent at the end of 2010 to 76 per cent at the end of 2013. Employer satisfaction with the Commission increased from 70 per cent to 74.4 per cent during that same timeframe.

Measure: Improved client service

INDICATOR
Implemented key initiatives of an integrated client service strategy.

In 2011, the Commission's Board of Directors approved a client service strategy which provides a strategic framework for an integrated, organization-wide approach to service delivery. The strategy aligns the focus of a client-first culture with the service needs of injured workers and employers; and integrates existing programs and services into the client-centric focus. The extensive and broad scope of the strategy requires a multi-year approach to implement all the elements. In addition, improved client service continues to be a common element in the long-term strategic projects and programs undertaken by the Commission, including: the promotion of PRIME participation to encourage employers to take on safety improvements and return to work initiatives; the introduction of new online services to provide greater access to services; the ongoing implementation of the claims management model for more proactive approach to claims management; early and safe return to work program improvements to facilitate recovery at work; program evaluations; and, new prevention programs designed to make workplace safety a priority and ultimately, build a safety culture.

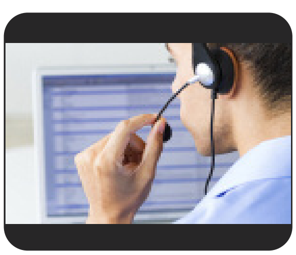
Beyond its long-term projects and programs, the Commission has also implemented a number of other initiatives between 2011 and 2013 in keeping with the client service strategy. These efforts are highlighted below.

- Delivered client service excellence and change management training to staff across all lines of business.

- Implemented seven new web services and enhanced existing web services based on client feedback.
- Increased internal and external collaboration on ESRTW, PRIME and prevention practices to be more responsive to client-specific needs.
- Established a process for clients to deal directly with those best able to address their concerns.
- Completed renovations to the client service centre to optimize the work environment for front-line staff and improve accessibility and timeliness of service.
- Communicated client service principles and standards to demonstrate the Commission's commitment to respectful, informed and prompt service delivery.
- Developed and implemented a new program for organizational effectiveness that supports the highest level of client service. Through the 4DX (Four Disciplines of Execution) program the Commission set goals to improve client service for injured workers and employers by implementing work process enhancements to improve accessibility and timeliness of service.
- Completed a client segmentation study to inform Commission initiatives to be responsive to client needs and preferences.
- Established an internal client service working group to foster communications and identify service improvements.
- Introduced an enhanced deferred payment plan offering several convenient payment options to provide employers with the flexibility to spread assessment payments through the year, interest-free.

INDICATOR

Improved access to Commission services.



Improving accessibility is essential to meeting the Commission's commitment to high quality service. In the past three years the Commission has focused on improving accessibility through the three channels that clients use to access Commission information and services: in-person, over the phone and online.

In-person access has improved as renovations were completed in all three Commission offices to make the public areas more accessible, functional and welcoming. The Commission initiated external accessibility reviews of the public areas to ensure services are provided keeping in mind any special needs of our clients such as mobility, hearing or sight impairments. Interpretation services were approved so that clients receiving service in-person or by phone who are having difficulty with English can receive service in their first language. Staff also explored ways to improve telephone access for our clients by being more responsive and proactive in keeping clients informed. Staff headsets were provided to reduce the incidents of missed calls. The Assessment Department restructured their call queue so that staff in the regional office would be able to take inquiries from employers.

Online access was enhanced as seven new web services were implemented over the past three years. This included services for:

- Employers to file annual employer statements;
- Accountants and bookkeepers to have single sign on access to submit statements, ensure accurate assessments and consider PRIME refunds on behalf of clients;
- Employers to be more informed about PRIME and their injury statistics through a new reporting and statistics tool;

- Employers to submit and view early and safe return to work plans and schedules;
- Physiotherapists to submit and view injury reports;
- Physiotherapists to invoice online; and,
- Chiropractors to submit and view injury reports.

The Commission also made enhancements to existing services based on client feedback. Web service availability for the majority of services was expanded to 23 hours per day, seven days per week from the previous 12 hours service per day. Increases in web service usage continue with these enhancements and expansion of online services. A support model was also developed in 2012 to ensure clients' needs are addressed in a timely manner. The online services offer clients a convenient, secure method of accessing information and services. In 2013, the Commission also began working with the Independent Living Resource Centre to improve the accessibility of the Commission's website for people with disabilities. The Commission continues to promote its web services and ensure a coordinated approach between its service channels.

INDICATOR

Completed brand review and developed a consistent brand approach.

In 2011, the Commission's Board of Directors approved a brand consistency initiative designed to revitalize the Commission's brand by improving brand clarity and enhancing its reputation. The Commission delivers a variety of services under different brands. WHSCC is most associated with its workplace health and compensation services. SAFE Work is associated with the Commission's prevention services and PRIME is associated with its behaviour based insurance assessment services.

Since then, the Commission has engaged an independent, full-service marketing agency to provide expert opinion on our current brand, and advice for an updated brand. An in-depth brand identity analysis was conducted reviewing our brand positioning, personality, and elements of the brand including the name and logo. This analysis revealed several areas for improvement such as simplifying the name, modernizing the logo, updating the brand promise, and delivering more client-focused communications to ensure the Commission can deliver on its brand promise.

Throughout this process, the focus was to align the brand to the Commission's commitment on enhancing client service while recognizing the broad scope of the organization's mandate. An updated brand will reflect all parties involved in insuring employers for the cost of workplace injuries, preventing injuries in the workplace, compensating workers who are injured and rehabilitating workers following a workplace injury.

Late in 2013, the Commission's Board of Directors completed its review and its consistent approach to the brand. Work will commence in 2014 to fully develop the refreshed brand, and a public announcement will follow when appropriate.

Strategic Issue 2: Claims Management Delivery

Goal: By December 31, 2013, the Commission will have further improved the delivery of claims management services.

The Commission is committed to improving claims management delivery for its clients. To this end, the Commission continued to make changes to enhance the delivery and quality of claims management services over the past three years. Process, technology and reporting improvements have been implemented to the claims management model. These changes have been designed to address duration factors within the Commission's control and enhance the medical management of claims in order to improve client service and reduce the costs of injuries. Early and safe return to work is also a key strategic focus. The Commission strives to ensure early intervention on claims following a work injury, effective monitoring and management of health care services, and facilitation of ESRTW. The Commission has strengthened education and promotion efforts related to ESRTW over the past three years to maximize participation in and effectiveness of the program. The Commission also made ESRTW and labour market re-entry (LMR) program changes to ensure the ESRTW and LMR process aids injured workers and employers in return to work efforts. These efforts have contributed to achieving the Commission's strategic goals and government's strategic direction of improved client service.

Measure: Improved delivery of claims management services

INDICATOR

Continued implementation of the key elements of the claims duration strategy through the ongoing development of the claims management model.

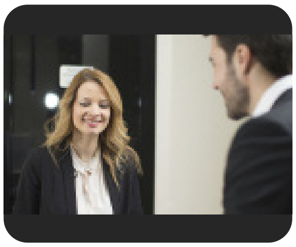
There are a number of factors that combine to affect claim duration and return to work outcomes, many of which are outside the Commission's control. Despite the best efforts of workplace parties to facilitate the ESRTW process, injury recovery and return to work may be impacted by such factors as access to medical interventions and the availability of suitable employment. The Commission takes many approaches to mitigate these factors and makes every effort to facilitate ESRTW efforts and ensure the effective management and monitoring of health care services.

The Commission developed a claims duration strategy in 2010 to articulate how the claims management model addresses the duration factors within its control. The claims management model is a comprehensive, multi-year initiative involving business process improvements, organizational structure changes, strengthening of the management model and the introduction of new supporting technologies. A key element of the model is improved client service through a proactive, team approach to claims management; facilitated ESRTW and LMR programs; timely and appropriate health care interventions; greater processing efficiencies; and increased accountability through the measurement and monitoring of key performance indicators. The strategy addresses claims duration in a comprehensive manner including the integration of the Commission's web services with the claims management model to improve access to Commission services. The Commission adopted a multi-year, multi-phase approach to implement the planned changes to ensure existing service levels were maintained for injured workers and employers.

2011 to 2013 Accomplishments

- Enhanced ESRTW program through improved business processes to facilitate earlier intervention on claims; return to work policy and procedure training for staff; and increased monitoring of ESRTW policy adherence.
- Increased ESRTW training for workplace parties and health care providers.
- Combined the Claims Registration area with the Information Processing and File Management area to improve processing efficiency. The Entitlement area was also centralized for improved quality and consistency of decision making.
- Implemented system changes to support efficient and timely routing of claims and claims information to Commission decision makers to ensure early intervention on claims and better support for injured workers and employers as it relates to ESRTW efforts.

- Established key performance indicators for critical elements of the LMR and ESRTW programs to improve overall return to work outcomes.
- Implemented a new vendor management system and process changes in an effort to move all vendor payment processing to a single application. These changes introduced greater internal controls and streamlined payment processing for physiotherapy treatments, telephone consultations with health care providers and requisition processing for medical supplies.



- Implemented a related new online service for procurement and payment resulting in cost containment and more appropriate utilization of health care products and services. This also allows vendors to deal with the Commission in a faster, more convenient manner.
- Implemented business process improvements and a new application for processing compensation benefit calculations and payments for injured workers.
- Implemented an enhanced ESRTW planning form to positively impact the ESRTW program and return to work duration factors. The new form captures crucial data about ESRTW planning efforts to support better reporting and management of the program.
- Implemented the new ESRTW planning form online for a more convenient, error-free method of submitting ESRTW plans.
- Negotiated agreements with external service providers to provide guidelines for the timeliness of treatments and quality of service.

By reducing the number of new injuries, more proactively managing cases and improving return to work outcomes, fewer claims move onto extended earnings loss. The Commission's combined efforts to better manage claims and promote injury reduction are mitigating further growth in duration and claims costs. Since the Commission began implementing the claims management model in 2008, short-term claims duration has declined from 42 days to 38 days at the end of 2013. The Commission defines short-term claims duration to be the average number of days for which temporary earnings loss benefits are paid for injuries occurring in the same reference year. Over the past strategic planning cycle 2011-2013, the short-term claims duration has declined from 40 to 38 days.

INDICATOR
Implemented improvements to Commission's ESRTW program delivery.

Early and safe return to work helps injured workers recover faster, allows injured workers to maintain a connection to the workplace during recovery; improves productivity; and improves the financial sustainability of workplaces. Facilitating recovery at work is a foundational activity of claims management. Over the past three years, the Commission has made the following improvements to the ESRTW program delivery:

- Redesign of the ESRTW planning form to enhance data capture related to important elements of the ESRTW process;
- Implementation of the new web service to complete the ESRTW planning form online;
- Greater collaboration internally and with workplace parties to improve training and employer support as well as communicate best practices in ESRTW;
- Education and program promotion targeting employers with a high incidence of injuries and related costs in order to address employer specific return-to-work issues and barriers;

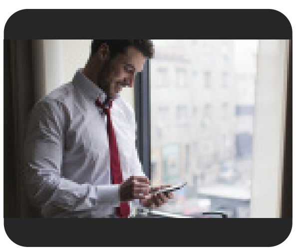
- Delivery of education sessions to physicians;
- Development of key performance indicators to measure critical aspects in the return-to-work process including participation rates; and
- Improved reporting to support better management of the ESRTW program and issues.

For additional detail, please refer to the progress update for indicator "implemented changes to early and safe return to work program delivery to benefit Commission clients" on page 20 and 21 of this report.

INDICATOR
Enhanced the education and promotion of ESRTW.

Organizations with staff trained in ESRTW usually experience higher success rates with the program. The Commission provides support and guidance to workplace parties through timely communication, setting return-to-work goals, progress monitoring, support for overcoming barriers, identifying best practices, and improving education around effective ESRTW practices.

The Commission has undertaken a number of activities to enhance ESRTW for internal staff and external parties involved in return-to-work planning. Internally, training was delivered in 2011 on assessing availability of suitable work to ESRTW facilitators, case managers, team leads, managers and regional directors. This was complemented by training on the return-to-work hierarchy. To facilitate progressive return-to-work planning, the return-to-work hierarchy provides a guideline for workplace parties in the types of programs and accommodation requirements for the various stages of return to work. Workplace parties, and where appropriate, health care providers, should use the hierarchy when making decisions regarding early and safe return to work so that an injured worker's functional rehabilitation is enhanced and facilitated.



External education focused on enhancing communication between the Commission and its priority employers. The Commission determined the best approach to ESRTW education was to direct its efforts toward a targeted group of employers for a more comprehensive review and analysis of employer-specific ESRTW programs and practices. This allowed education efforts to be focused on any of these employer's needs. The Commission began this approach in 2012 and continues to meet with employers that have a high accident history and high costs. Where required, the Commission provides additional support based on specific employer needs.

In 2012, the Commission contracted Corporate Research Associates to complete an ESRTW program survey to assess areas for improvement related to different aspects of the program based on feedback from Newfoundland and Labrador employers and injured workers. In response to the findings, action plans were developed and used to inform program and education changes in 2013 and beyond. Specific areas of opportunity relate to communication and collaboration among employers, injured workers and the Commission.

ESRTW promotion has also been incorporated into other Commission communications with employers such as employer bulletins. Prevention staff also continue to educate employers on effective return-to-work practices and promote the benefits of the ESRTW program through its regular workshop series.

INDICATOR
Continued quality improvements to the LMR program.

The Commission provides injured workers with LMR services where ESRTW programs do not result in the worker's safe return to their pre-injury work or suitable employment that restores the worker's pre-injury earnings. In 2010, the Commission developed an LMR quality improvement plan. A critical element of the plan was the introduction of performance measurement for critical aspects of the LMR program.

The Commission and its stakeholders recognize that the LMR Quality Improvement Plan will be managed over an extended period of time. Key performance indicators (KPIs) were necessary to accompany the plan. KPIs would include those that document the basics of the program and could be achieved and maintained early in the plan, while others would track key quality improvements that would take more time to achieve. Six LMR KPIs were introduced over the course of the past three years. The goal of the KPIs is to identify, manage and sustain quality improvements to the LMR program through the ongoing monitoring, measurement and management of critical LMR program elements. Ultimately, this will assist injured workers with their return to work and ensure reasonable cost of claims.

Through the introduction of the KPIs, the Commission has been able to ensure consistent oversight to the program, ongoing business process improvement, improved education and training, and open communication and collaboration between all parties involved in the LMR process. This has led to positive results in the overall number, quality and completeness of LMR assessment reports. While the Commission has yet to achieve its targets in turnaround times and decision making, improvements have been realized over the past three years. The Commission has identified these areas as requiring a priority focus and continues to strive toward achieving its targets while ensuring an appropriate balance between turnaround times and quality. Please see the end of this section for the table outlining the KPIs and the Commission's 2011 to 2013 results.

LMR restores worker's pre injury earnings if/when possible.

The LMR Quality Improvement Plan also identified other improvements for the LMR program. In the last three years, the Commission adopted an audit process which examines the three phases of the LMR process: referrals, assessments and planning. The Commission also monitors internal and external review decisions related to LMR to identify potential issues and further opportunity for quality improvements to the LMR program. In 2013, the audit process and assessment of review decisions identified opportunities to improve documentation related to the Commission's and employers' efforts to identify suitable work. Moving forward the Commission will continue to ensure suitable work is thoroughly explored and the efforts of all LMR parties are documented appropriately. The Commission works diligently to ensure continuous improvement in all aspects of the LMR program.

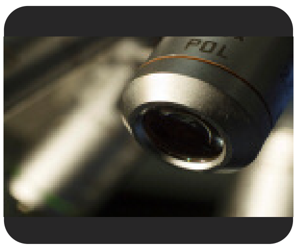
Key Performance Indicators	Desired Outcome	2011	2012	2013
Percentage of LMR Planner Assessment reports that included LMR options where cost was not the only factor considered in the evaluation of options.	100%	100%	100% (achieved)	100% (achieved)
The number and percentage of LMR Assessment reports referred back by case managers for revision.	10%	5.2%	7.9% (achieved)	7.4% (achieved)
Increase the number of LMR Screening Assessments completed.	Targeting an increase	56	70 (achieved)	72 (achieved)
Increase LMR plans successfully completed and ongoing.	90%	94%	94% (achieved)	94% (achieved)
Increase percentage of final LMR Planner Assessment reports received by the Commission within turnaround time for each service provided by the planners.	80%	30.5%	59.3% (not achieved)	70.1% (not achieved)
Increase the suitable employment and earnings decisions made by case managers following receipt of the final LMR assessment report.	80%	n/a*	33.7% (not achieved)	58.3% (not achieved)

*New indicator introduced in 2012.

INDICATOR
Improved the knowledge base for management of occupational disease claims.

Occupational disease has become an increasingly important issue as the number of claims for occupational disease and requests for expanded coverage continue to increase. There are many complexities surrounding occupational disease claims, including the association between disease claims and workplace exposures. Serving workers and the families impacted by occupational disease is a key priority for the Commission.

In 2009, the Commission created an Occupational Disease Advisory Panel (ODAP) to provide direction and oversight on all occupational disease matters. In 2011, the focus was on initiatives designed to improve the medical and scientific knowledge base for the management of occupational disease claims. In 2011, the Commission released an occupational disease prevention strategy to provide a framework for educating and raising awareness about known occupational disease in Newfoundland and Labrador. The Commission has also taken steps to mitigate the complexities associated with the management of these diseases including making enhancements to the knowledge base for decision makers and policy makers; improved data collection to help establish links between workplace exposures and disease symptoms; increased research efforts; and work by its actuary to determine the value of the occupational disease liability.



The Commission has continued its partnership with Quebec's Insitut de recherche Robert-Sauvé en santé et en sécurité du travail (IRSST), a world leader in occupational health and safety research. In 2011, with the oversight of ODAP, the IRSST completed research and compiled the available scientific information related to the incidence of cancer among shipyard workers worldwide. The Commission identified the need for this study in response to the incidence of cancer claims from shipyard workers. This centralized knowledge base provides the Commission with more timely access to information to facilitate the adjudication of occupational disease claims from the Marystown Shipyard and workplace areas with similar exposures.

Improvements to the knowledge base for the management of occupational disease continued with further development of the Registry of the Former Workers of the Baie Verte Asbestos Mine. The registry identified former employees of the now defunct Baie Verte Asbestos Mine who may have developed asbestos-related diseases and their general state of health. The registry includes information on employment history, medical history, asbestos exposure information and health status which will be used by the Commission in the adjudication of claims for asbestos related disease from the Baie Verte Mine. Work on the registry was completed in 2013 and with worker consent, provides the Commission's adjudicators with easy access to relevant adjudication information. This reduces the burden on injured workers and their families to compile the information themselves and avoids delays in processing of their claims. The Commission reached an agreement with the Newfoundland and Labrador Centre for Health Information to maintain the secure registry and respond to requests from registrants for access to their personal information.

The Commission also hired an Industrial Hygienist and an Epidemiologist to conduct outreach, improve education for occupational disease prevention, and provide advice on adjudication and management of occupational disease claims.

INDICATOR
Implemented initiatives to increase employer participation in PRIME.

The Commission works with employers to increase PRIME participation to positively impact claim outcomes by promoting effective return to work programs following workplace injuries. Early in 2011, the Commission completed planning efforts to identify initiatives designed to increase employer PRIME participation. Key initiatives which have been implemented over the past three years include: key performance indicator measurement, reporting and monitoring; targeted outreach; improved access to PRIME information; and education.

In 2011, the Commission completed detailed analysis of key PRIME metrics to identify target groups for promotion and increased contact with employers to promote PRIME benefits.

The Commission developed reports outlining these key performance indicators related to cost, injury, industry and compliance rate data. This information is analyzed regularly to identify employers for annual PRIME outreach efforts. These outreach efforts commenced in 2011 and continued throughout the planning cycle. In 2011, the Commission focused on contacting all large employers who received PRIME charges to provide advice and support in setting up programs to be PRIME compliant.

The Commission also implemented initiatives to improve access to PRIME information to help employers be more informed about PRIME and their injury statistics. A new online reporting and statistics service was developed and implemented in 2012 to offer employers a convenient, secure method for accessing key information related to their PRIME performance. Employers can also request these reports and PRIME information packages directly from the Commission. The Commission views each of these employer contacts as an opportunity to promote the benefits of PRIME participation and to promote the new **connect** service. In 2011, the Commission also implemented a new automated queue for inbound calls, supported by six staff to allow employers to receive a "live" voice for education regarding PRIME. The Commission's PRIME advisors also meet with employers to review their files and address employer specific issues.

Internally, the Commission has increased collaboration among staff in Prevention Services, Worker Services and Assessment Services to better support clients as it relates to Commission programs and services. Identifying further opportunities to promote PRIME with the goal of improving participation has been a key focus. Team leads from these areas meet quarterly to discuss ways to increase PRIME compliance and to ensure employer contacts within the Commission are able to address employer specific questions and concerns.

The Commission uses a targeted approach for PRIME outreach and education activities. Areas of focus since 2011 include senior leaders in workplaces and employers experiencing a high incidence of workplace injuries and related costs. In 2011, a PRIME results letter for 2010 performance was sent to CEOs and general managers to communicate the value of PRIME refunds or charges and whether it was applied or forfeited. Annual assessment rate letters also include information about the employer's PRIME results and provide tips for increasing success and compliance with PRIME. In 2011, a radio ad was developed and launched to promote PRIME and its benefits. A new priority employer report was distributed to all of the Commission's health and safety advisors (HS advisors) outlining priority employer participation in PRIME. The report enables HS advisors to strategically target employers requiring a greater level of awareness for PRIME and its requirements. PRIME participation information is also shared with the return to work program coordinator, with a focus on communicating the PRIME return to work requirements for employers with high cost and/or high injury experience. In 2013, the Commission worked with targeted employers to raise awareness of increasing costs and to support the development of action plans for cost reduction. The Commission will continue to work with these employers to enhance communication, identify barriers and establish best practices to reduce claims costs and improve ESRTW outcomes. For further information regarding improvements to the ESRTW program delivery, please refer to the indicator update for "Implemented changes to return to work program delivery to benefit Commission clients" on pages 20 and 21 of this report.

Safety sector councils play a leadership role in promoting industry-specific workplace health and safety and return-to-work initiatives. The Commission has assisted sector councils to undertake a strong role in return-to-work initiatives in their respective sectors. In 2011, PRIME was added to the agenda of all safety sector council meetings for Forestry and Municipalities. Over the course of 2012 and 2013, PRIME continued to be promoted to all of the sector councils through regular meetings and ongoing communications with these groups.

Moving forward, the Commission will remain focused on increasing participation in the PRIME program. Injury prevention initiatives will continue to target high-incidence groups including education and awareness activities specific to these groups. The Commission will also promote ESRTW to targeted workplaces to maximize the participation in and effectiveness of the program. Engagement of the safety sector councils in these initiatives will be encouraged.

As the table below demonstrates, the Commission's efforts have led to an increase in PRIME participation since 2010. Year over year, the number of firms considered for the PRIME practice incentive and the amount of practice refunds applied have continued to increase. The Commission will continue to work with employers to increase PRIME participation to improve claim outcomes through improved occupational health and safety and return to work practices.

PRIME Practice Year	Practice Refunds Applied (in millions)
2013	$6.0
2012	$5.5
2011	$5.0
2010	$4.6

Strategic Issue 3: Prevention

Goal: **By December 31, 2013, the Commission will have implemented key elements of the integrated prevention strategy.**

The Commission's prevention strategy, Engagement to Action: A Prevention Strategy for Newfoundland and Labrador for 2012 to 2014, was developed through collaboration with stakeholders to determine the priorities for health and safety in the province. The strategy ensures the Commission's prevention programs are responsive to employers' and workers' needs as well as effective catalysts of change. The prevention strategy targets populations at risk within the workplace, including workers, youth, supervisors and high-risk occupations. The Commission's prevention programs and services have been specifically focused on addressing the education and awareness needs of these target populations. Implementation of major elements of the prevention strategy continued throughout 2012 and 2013. This included the development of a program evaluation methodology; implementation of three new certification training standards; and educational and awareness initiatives relating to the prevention of known occupational disease.

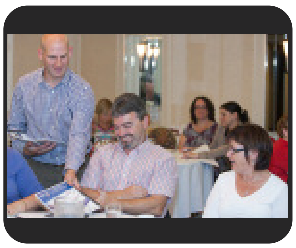
The combined efforts of the workers, employers, unions, the Commission and the OHS Branch of Service NL are contributing to safer workplaces and reduced injuries. In 2013, the lost-time incidence rate reached 1.6 as compared to 2.7 in 2002, a significant achievement. This downward trend requires persistence, diligence and commitment of all stakeholders to manage workplace risk and provide healthy and safe workplaces.

In achieving its three-year goal, the Commission contributed to government's strategic direction of improved client service in a financially sustainable system.

Measure: **Implemented key elements**

INDICATOR
Developed program evaluation methodology.

Over the course of this planning cycle, the Commission developed an extensive program evaluation methodology to evaluate the overall effectiveness of its prevention programs, services and initiatives. The methodology was implemented in 2012 and consists of workshop evaluations; surveys with priority employers; key performance metric measurement and monitoring; focus groups; consultations with stakeholder groups; third-party evaluations; and informal feedback on program effectiveness. The data gathered from this evaluation framework enables the Commission to evaluate the effectiveness of its prevention strategy and programs as well as align its business to meet current health and safety issues in the workplace. To support the development and implementation of the methodology, the Commission created a new analytic unit in 2011.



Over the past three years, the Commission has conducted evaluations of the priority employer program, prevention workshop series, PRIME, the Certificate of Recognition Program for the construction industry, sector council development and the occupational disease prevention strategy. In addition, the Commission has lead stakeholder consultations regarding the OHS committee program, SAFE Work NL's Who Wants to Save a Life? game show, OHS 3220 high school course, and occupational disease prevention.

In addition to its evaluation methodology, the Commission regularly measures and monitors a comprehensive suite of leading and trailing indicators of safety performance for the province, including the lost-time incidence rate. These indicators fulfill the requirements of the prevention strategy for better data analysis to assess injuries and their impact on the workplace. The indicators are analyzed and reported through the Board of Directors and publicly in the Annual Performance Report.

INDICATOR
Implemented prevention initiatives related to known occupational disease.

The Commission released A Strategy for the Prevention of Known Occupational Diseases, Newfoundland and Labrador in February 2011. The strategy, developed after a 13-month consultation process with stakeholders, recommended that the Commission increase its capacity to address education gaps in the workplace relating to occupational health. An element of this strategy was the recruitment of an Industrial Hygienist and an Epidemiologist in 2012 to work on the requirements contained in the strategy. An occupational disease prevention working group was also formed in 2012 to plan and oversee the educational initiatives contained in the strategy. The working group was comprised of employers, labour, OHS enforcement and the Commission.

The Commission delivered education to stakeholders in occupational disease prevention, including the delivery of a national conference in 2012. The conference was delivered in partnership with the Association of Occupational Health Nurses of Newfoundland and Labrador and the Canadian Association of Occupational Health Nurses. The Commission has also delivered presentations at provincial safety conferences with a central focus on occupational disease prevention.

Over the past three years, the Commission has delivered new workshops and webinars on known occupational disease throughout the province. These new workshops and webinars provided education on various controls to protect workers from hazards that cause disease and illness. The Commission also invited employers at higher risk for known occupational disease to participate in educational initiatives aimed at preventing exposures.

For additional detail of key 2013 prevention initiatives related to the prevention of occupational diseases, refer to the Report on Performance for the 2013 indicator "Continued implementing prevention initiatives related to known occupational diseases" on page 24 of this report.

INDICATOR
Increased OHS training standards.

The Commission has legislated authority to develop and implement certification training standards regarding occupational health and safety committees, representatives, designates, mines rescue, occupational diving, first aid, power line hazards, traffic control persons, fall protection and confined space entry. The standards are developed through consultation with stakeholders and by working with industry partners. An assessment process for all training providers and trainers has been developed and includes curriculum reviews, trainer assessments, and trainer audits.

The Commission developed and implemented three new certification training standards between 2011 and 2013:

Traffic Control. A new standard for traffic control persons came into effect January 1, 2011. The traffic control standard requires all flag persons or traffic control persons (TCP) to complete a TCP course approved by the Commission otherwise they are not permitted to work as a TCP in this province. The course provides workers with the knowledge and skills to work safely, consistent with industry and legislative standards. Twenty-five training providers and 86 trainers have been approved as of the end of December 2013.

Fall Protection. A standard for fall protection came into effect January 1, 2012. This standard requires workers working at heights above three meters to use fall protection equipment and to have completed training with an approved training provider. Workers not meeting this standard are not permitted to work from heights or to work with fall protection equipment in Newfoundland and Labrador. Thirty-six training providers and 181 trainers have been approved as of the end of December 2013.

Confined Space. The standard for confined space entry came into effect January 1, 2013. Twenty training providers and 130 trainers have been approved as of the end of December 2013. For further detail on the Commission's efforts on the confined space entry standard, please refer to the Report on Performance for the 2013 indicator "Implemented new OHS training standard for confined space entry" on page 25 of this report.

Strategic Issue 4: Financial Sustainability

Goal: **By December 31, 2013, the Commission will have implemented further management practices to support the financial sustainability of the workplace injury/illness compensation system.**

The financial situation for the Commission has improved over the last three years due to the Commission's continued implementation of responsible management practices. The Commission continues to adhere to its Funding Policy, and implemented a number of practices to increase cost-effectiveness of service delivery throughout the planning cycle. This included the implementation of initiatives designed to manage the growth of health care costs, one of the fastest growing expenditures for the Commission.

While the Commission's efforts have positively impacted its funding position, there is still a way to go to reach the funding target of 110 per cent. In 2013, the Commission's funded position increased to 106.6 per cent from 94.1 per cent at the end of 2010, due to increased assessment revenues and improved market performance. The injury fund earned a 8.2 per cent rate of return during the 3-year period ending in 2013, 1.6 per cent more than the stated goal of 6.6 per cent.

The Commission strives to reduce costs, ensure quality client service and support the achievement of government's strategic direction of improved client service within a financially sustainable system.

Measure: **Implemented management practices**

INDICATOR
Continued adherence to Funding Policy.

The Commission implemented the Funding Policy in 2009 to maintain a funded position which will provide for the security of injured worker benefits within the employers' reasonable ability to pay assessments. Adherence to this policy continues to enable the Commission to respond responsibly to external influences, such as volatile investment market performance and general economic factors.

The long-term funding target is total assets equal to 110 per cent of total liabilities. The Commission implemented a surcharge of 25 cents per $100 of payroll which will remain in place until the funding deficiency is eliminated.

INDICATOR
Implemented further measures and expanded the scope of procurement activities to improve cost effectiveness of service delivery.

Throughout the planning cycle, the Commission continued to implement measures of cost-effectiveness through its procurement program. The goal of this program is to purchase and provide quality products and services at competitive prices, in adherence to government's *Public Tendering Act* and Regulations. Purchasing continues to contain costs of administrative and health-care products and services through the issuance of tenders, requests for proposals, standing offers and service agreements with health-care providers. The Commission has partnered with the Newfoundland and Labrador Housing Corporation in relation to the delivery of home modification services for injured workers and issued a new tender for oxygen-related equipment and supplies.

The Commission also continued to implement further elements of the claims management model and additional web services. The vendor management and web invoicing initiatives have strengthened internal controls and improved processing efficiency, thereby reducing upward pressure on costs.

INDICATOR
Communicated the impact of IFRS to stakeholders.

The Commission adopted International Financial Reporting Standards (IFRS) effective January 1, 2011 and provided information on the impact of the conversion to IFRS at a board/stakeholder business forum in September 2011 and in its 2011 Annual Report. The adoption of IFRS will increase the volatility of the Commission's reported financial results. The changes in IFRS that were adopted, and the pending changes that may impact future financial results were also presented as part of the annual financial update at the Stakeholders Forum in October 2012.

INDICATOR
Determined the occupational disease liability.

In 2010, the Commission engaged an actuarial consultant to conduct a study to determine the Commission's liability for latent occupational disease. At December 31, 2012, a liability of $63.4 million was recognized, which was 7 per cent of the benefit liability at that reporting date. The impact of the initial recognition of this liability on the funded position was to reduce it by 6.4 per cent.

MANAGEMENT DISCUSSION & ANALYSIS

2013 ANNUAL PERFORMANCE REPORT

Management Discussion & Analysis

The Management Discussion and Analysis (MD&A) is an integral part of the annual performance report and provides management's perspective on the operations and financial position of the Workplace Health, Safety and Compensation Commission (the Commission). This MD&A should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2013. The MD&A was prepared based on information available as of March 7, 2014. The Board of Directors has undertaken its own review of the MD&A following the recommendation of the Financial Services Committee.

Forward Looking Statements

This report contains forward-looking statements about certain matters that are by their nature subject to many risks and uncertainties, which may cause actual results to differ materially from the statements made herein. Forward-looking statements include, but are not limited to, the Commission's objectives, strategies, targeted and expected financial results; and the outlook for the provincial, national and global economies. Risks and uncertainties include, but are not limited to, changing market, industry and general economic factors or conditions; changes in legislation affecting the Commission's policies and practices; changes in accounting standards; and other risks, known or unknown. The reader is cautioned not to place undue reliance on these forward-looking statements.

Operations of the Commission

The Commission operates under the authority of the *Workplace Health, Safety and Compensation Act* (the *Act*). In accordance with the *Act*, the Commission promotes health and safety in workplaces with an objective of preventing the occurrence of workplace injuries and known occupational diseases. When injuries occur, the Commission provides support and benefits to injured workers, in accordance with the entitlement provisions under the *Act*, and in conjunction with workplace parties and health-care providers, facilitates a safe and timely return to work. The Commission is also responsible to levy and collect assessments from employers in amounts sufficient to fund the current and future costs of existing claims including their administration. Additionally, the Commission funds the Occupational Health and Safety Branch of Service NL, and the Workplace Health, Safety and Compensation Review Division. The Commission also reimburses the provincial government for a portion of the operating costs of the Labour Relations Agency in respect of administering the *Act*.

The Commission's revenues are derived from: assessment-based employers, who are insured through collective liability; self-insured employers, through the reimbursement of claims costs and administration fees; and investment income. In certain circumstances, under Section 45 of the *Act*, the Commission is deemed to be an assignee of a cause of action in respect of a claimant disability. Accordingly, revenues also include recoveries from third parties in respect of such actions. The Commission provides workplace insurance coverage to approximately 98% of workers employed in the province of Newfoundland and Labrador.

Commission Vision and Mission

Key elements of the Strategic Plan for 2011-2013 are the Commission's vision and mission statements. These define the guiding principles that direct the future operations of the Commission. The Commission's vision is for safe and healthy workplaces within a viable and sustainable insurance system which reduces the impact of workplace injuries by providing the highest level of service to workers and employers. The Commission's mission is to improve client service to support the prevention and management of workplace injuries, illnesses and known occupational disease.

Emerging Issues

As part of its strategic planning process, the Commission conducts an environmental scan and identifies emerging issues within its business and regulatory environment which can potentially impact the achievement of the organization's mission. These issues include, but are not limited to, rising health-care costs, high long-term disability claims costs, and emerging occupational disease. The Board of Directors is informed of the emerging issues, establishes goals and objectives and monitors performance against those goals and objectives. The Board of Directors also reviews the operational initiatives which are planned in response to the emerging issues. Due to the nature of the workers' compensation system, there are many factors beyond the Commission's ability to control; however, actions can be taken to mitigate their ultimate impact. These actions are incorporated into existing and proposed strategic plans.

The 2011-2013 Strategic Plan for the Commission also describes strategies and supporting initiatives which are intended to mitigate the impact of the identified emerging issues. In addition to the performance of capital markets, important issues include injury prevention, claims duration, and rising health-care costs.

Key Business Drivers

Investment returns

The Commission takes a long-term view in managing and evaluating the performance of the Injury Fund given the long-term nature of the benefits provided to injured workers. The Commission's stated goal had been to earn a rate of return of 7.12% (3.5% real return after inflation). In 2012, the Commission revised its long-term return expectation to 6.6%, which still reflects a 3.5% real rate of return, but a lower inflation expectation.

The financial risks to which the Commission is exposed are described in Note 9, Risk Management, to the Financial Statements and include credit, currency, interest rate, and market risks. Credit risk on fixed income securities arises from the possibility that issuers of debt will fail to meet their obligations to pay interest and principal. This risk is managed by limiting the investments held with any one issuer and ensuring commercial debt is rated R1 or higher. Currency risk is the risk that the value of securities denominated in foreign currencies will change with their respective exchange rates compared to the Canadian dollar. This risk is managed through forward foreign exchange and futures contracts. Interest rate risk is the risk that the value of a security will fluctuate due to changes in market interest rates. This risk is managed through diversification among sectors and durations. Market risk is the risk that the fair value of marketable securities or long-term investments will change due to perceived or real changes in the economic condition of the issuer, the relative price of alternative investments and general economic conditions. This risk is managed through adherence to an investment policy that prescribes an asset mix that provides for the diversification of risk across a broad group of securities that collectively meet the long-term return objectives of the investment portfolio.

Lost-time Incidence Rate

The Commission has developed an array of safety performance metrics to assess the effectiveness of occupational health and safety in the workplace. One of the key indicators of safety performance is the lost-time incidence rate. This rate includes the number of lost-time claims that are accepted and paid by the Commission in a reporting period, and the rate is adjusted for employment. The lost-time incidence rate is a common measure used by most workers compensation jurisdictions in Canada. However, there are inherent challenges when it comes to comparing jurisdictions across Canada, and these challenges are primarily rooted in legislative differences, workforce coverage rates, and the definitions on what constitutes a lost-time claim. In Newfoundland and Labrador, the calculation is less encumbered by these factors as there are no waiting periods relating to lost-time claims, and 98% of the province's workforce has workers compensation coverage.

An increase in the lost-time incidence rate will negatively impact the assessment rates offered by the Commission. In periods of stable employment, any increase in the lost-time incidence will also impact the volume of claims administered by the Commission, and any associated utilization of programs and services to rehabilitate injured workers. Since 2000, the lost-time incidence rate has declined 51% from 3.29 per 100 workers to 1.61 per 100 workers in 2013 (forecasted) despite an increase in the working population of over 17%. The Commission has also realized historic reductions in other safety performance metrics in 2013 including the soft tissue injury rate and the accident fatality rate. This is an indication that workers and employers are working in partnership to create a strong safety culture in our province. It further indicates that prevention initiatives and enforcement activities are having an impact in the workplace. However, 15 workers in Newfoundland and Labrador are injured every day at work. As a health and safety organization, the Commission will continue to work diligently so that all workers return home safe and healthy at the end of the day.

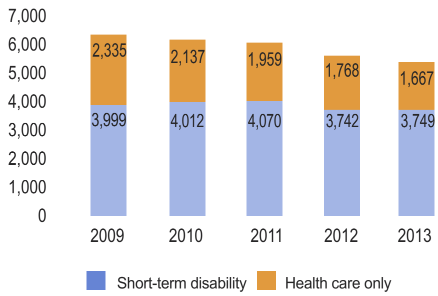
Benefit Costs

Benefit costs are influenced by many factors including the number and severity of injuries, claims duration, health-care cost trends and the rate of wage growth in the province. Over time, expansion of coverage can occur as a result of court decisions, statutory review processes, legislative change, and external appeal decisions. The factors that influence the direction of benefit costs are considered as part of the Commission's strategic planning process which translates into specific initiatives at the operational level to bring about cost reduction or containment.

Since 2005, the Maximum Compensable and Assessable Earnings (MCAE) upon which assessments are charged and benefits are based, has been increased annually by the Consumer Price Index (CPI) for Canada. In 2013 the CPI rate was 1.0%.

The number of new short-term disability and health care-only injury claims continues to trend downwards and declined 1.7% from 2012 to 2013. Since 2009, the number of new injuries has declined by 14.5%.

NEW INJURY CLAIMS



The Commission defines short-term claims duration to be the average number of days for which temporary earnings loss benefits are paid for injuries occurring in the same reference year. For the previous five years, the average duration has ranged from 39 to 42 days but was reduced from 39 days in 2012 to 38 days in 2013. Extended claim duration translates into higher benefit costs so the Commission continuously focuses on managing duration factors that are within its control to ensure that workers return to work in a safe and timely manner following injury. Specific Early and Safe Return to Work (ESRTW) key performance indicators and management reporting were implemented in 2013 to ensure that the Commission is always vigilant in facilitating and managing ESRTW.

In 2013, the Commission also redesigned the ESRTW plan form to enhance the reporting of key data and made it available online to employers, with further web enhancements to follow in 2014. Additionally, in 2014, the Commission will implement a formalized quality assurance framework which will include a specific focus on ESRTW. These initiatives combined will improve the efficiency and effectiveness of the ESRTW program for workers and employers, and will assist the Commission in managing duration factors that are in its control, and help mitigate the risk of extended claims duration. The drivers of claim duration that may be beyond the Commission's control include access to interventions and availability of suitable employment following an injury. Despite the best efforts of workplace parties to facilitate the return-to-work process, some employers may not be able to accommodate injured workers. Additionally, factors unrelated to the work injury that interrupts or delays medical recovery can affect return to work outcomes.

Given the impact that delays in medical treatment and quality of service can have on claim duration, the Commission continued its practice of negotiating agreements with external health-care service providers in 2013. Through negotiated agreements the Commission ensures that health-care providers support the principles of ESRTW and meet expectations regarding the timeliness of treatments and quality of service provided to injured workers, which contributes to shorter claim duration.

The Commission's claims duration strategy focuses on proactive case management and early intervention on claims to positively impact return to work outcomes, costs and client service. Program improvements to date have focused on getting the right information to the right person for timely decision making, enhanced education on ESRTW for workplace parties, the development and management of key performance indicators (KPIs) and staff training. These efforts will continue into 2014 along with additional improvements to claims management delivery.

The Commission takes a variety of approaches to address the upward trend in health-care costs. The increased emphasis on early intervention and more proactive case management, through implementation of key components of the Claims Management Model (CMM), are expected to help mitigate the rate of growth in health-care costs. Through ongoing medical management training for decision-makers, knowledge transfer should translate into more decisions free of the need for additional medical input. The Commission continues to consolidate its procurement of medical and health-care items through the public tendering process in an effort to improve the cost-effectiveness of service delivery. Further, through adherence to the provincial generic drug pricing policy, and close monitoring to ensure utilization of the most cost-effective medications appropriate to the condition being treated, the Commission helps to contain costs in an area where there has been a global increase.

Inflation rate

The annual change in inflation can have a material impact on the Commission's benefit liabilities. The long-term disability benefits provided under the *Act* are indexed to the full rate of inflation with no upper limit. The Commission calculates the annual inflation adjustment based on the year-over-year change in the CPI at July each year and applies the adjustment January 1 of the following year. The inflation adjustment calculated in 2013 was 1.0% and the inflation adjustment has averaged 1.7% over the past five years. The long-term inflation assumption used to value the Commission's benefit liabilities has ranged from 3.5% down to 3% over that period.

2013 Financial Highlights

Economic conditions in Newfoundland and Labrador continued to be strong in 2013 due to continued investment in major projects, as well as commercial and residential expenditures. Both consumer spending and exports increased by approximately 5% and unemployment reached its lowest level since 1973. The Commission recorded a 9.3% increase in the overall assessable payroll base, with increased payrolls across most industry sectors, particularly oil and gas, construction, logging and forestry and mining. Despite continued austerity measures in many European countries, and political and fiscal uncertainty in the United States throughout 2013, financial markets experienced very strong performance.

There was an increase in assessment revenue of $3.7 million and significant improvement in investment returns. The Commission's total comprehensive income was $148.9 million, as compared to a comprehensive loss of $10.2 million in 2012. The Commission's funded position improved to 106.6% from 91.7% at the end of 2012. This represents the Commission's best financial position in over 30 years.

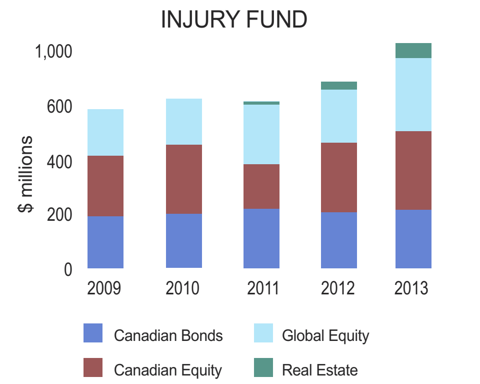
Statement of Financial Position

Cash position

The Commission ended 2013 with a cash balance of $38.2 million, as compared to $33.9 million at the end of 2012. The Commission was able to improve its relative cash position primarily due to increases in, and improved collection of, assessment revenue, as well as modest reductions in claims costs and operating expenses. The Commission also transferred $26.5 million to the injury fund during 2013. This is the second consecutive year that the Commission has been in a position to augment the injury fund.

Investments

The Commission's investments are held in an Injury Fund to meet future benefit payments to injured workers. These investments are diversified primarily between domestic fixed income and domestic and foreign equities, as well as an allocation to real estate, which was increased during 2013. Including transfers in totaling $26.5 million during 2013, the fair value of the Injury Fund increased $166.0 million to $1,008.9 million at December 31, 2013 from $842.9 million at the end of 2012.



In a recent Global Economic Prospects report the World Bank noted that developed countries were finally turning the corner five years after the global financial crisis to become a second engine of growth along with developing countries. During 2013, the United States (U.S.) continued to see positive trends in employment and economic growth, there was continued commitment by central banks to accommodative monetary policy and the Euro zone entered a period of positive growth having emerged from recession midway through the year. Three of the five high-spread peripheral economies (Ireland, Portugal and Spain) in the zone exited recession during 2013, while the recession is easing in the other two (Italy and Greece). Even the Japanese economy responded to fiscal and monetary stimulus in 2013. Despite these signals, uncertainty persists with respect to U.S. fiscal policy, sustainable growth in Europe and the success of economic restructuring in China.

During the past year there was a clear rotation out of fixed income assets into equities which accelerated on the hint of tapering by the U.S. Federal Reserve. The reaction to the potential reduction in the Federal Reserve's bond purchases was immediate with investors demanding higher yields. This resulted in an increase in long-term interest rates and market volatility. Equity markets sold off and bond prices dropped sharply. This reaction led to a withdrawal of capital from developing-country currencies, bonds and stocks. During the year, the yield on 10 year U.S. Treasuries climbed from 1.76% to 3.03% in 2013 and Canadian rates followed suit, with 10 Year Canada's increasing from 1.80% to 2.76%.

Equity markets recovered to the end of the year, with most markets experiencing double digit growth and ultimately experiencing some of the lowest recorded levels of volatility. The U.S. equity market, in particular, experienced its lowest level of volatility since 2007. Gold stocks, a major component of the TSX in Canada, have been the main underperformer this year, with the gold index down almost 50 per cent for the year. Canada's annual rate of inflation has sat below the 1.5% level for 18 months in a row, the longest such stretch since the late 1990s. Inflation also drifted lower in many advanced countries reflecting decelerating energy prices and excess productive and labour capacity.

Long-term interest rates have remained high, helping to improve the financial position of institutional investors with long-duration liabilities, such as pension funds and life insurers. The upward movement in rates has not impacted valuation of the Commission's liabilities given our use of a long-term rate. The Commission's discount rate of 6.6% is unchanged from the end of 2012.

In 2013, the Injury Fund had a rate of return of 16.3% compared with a 10.9% return in the previous year. Including the return for 2013, the fund has generated an average return of 8.5% over the most recent four years and 6.7% over the most recent ten years.

In the U.S., the Standard and Poor's (S&P) 500 Index, rose by 41.3% in Canadian dollar terms (33.1% on a hedged basis) compared with 13.4% in 2012. The Dow Jones Industrial Average closed the year up more than 38% over the previous year's close, setting a new all-time high and achieving its biggest one year gain since 1995. The MSCI ACWI (global equities) increased by 31.7% (in Canadian dollar terms) more than double the return in 2012 of 14.2%. The S&P/Toronto Stock Exchange (TSX) Composite Index lagged other markets with a 13.0% return compared with 7.2% in 2012 and a negative 8.7% in 2011. The Canadian dollar declined 6.6% from $U.S. 1.01 to $U.S. 0.94 by year end.

The DEX Bond universe (fixed income) declined 1.2% in the year, representing its first negative annual return in 12 years, having returned 3.6% and 9.7% in 2012 and 2011, respectively. The availability of equity and debt continued to support demand for well-located core real estate in 2013 while new supply was fairly conservative. Despite rising bond yields, capitalization rates have remained relatively unchanged. In this environment the Investment Property Databank all property index produced an annual return of 7.7% in 2013.

Investment Strategy

The Commission's Board of Directors is responsible to ensure that the assets of the Injury Fund, along with future investment income, are sufficient to pay benefit liabilities. The Board of Directors takes a long-term approach to the management of the Injury Fund given that payment of the majority of benefits promised to injured workers extend many years into the future.

The Commission's investment strategy is guided by the Statement of Investment Principles and Beliefs (SIPB) and the Long-term Investment Policy. The SIPB outlines the governance structure for the Injury Fund, the importance of asset allocation in achieving the long-term return objectives of the fund, the importance of diversification and the process for manager selection and performance evaluation. The Investment Committee reviews and amends the SIPB and Long-term Investment Policy periodically to ensure prudent management and oversight of the Injury Fund assets.

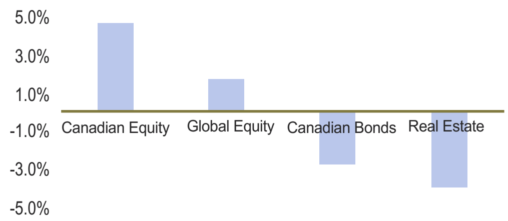
The Long-term Investment Policy documents the long-term asset mix target, the return objectives, acceptable investments and limits on risk concentration. The Injury Fund assets are managed by independent, professional investment managers. The Commission monitors the managers' compliance with policy on a regular basis. The Injury Fund assets are diversified across asset classes, industry sectors, geographic locations and individual securities to minimize the volatility of returns. Further diversification is achieved by selecting investment managers with varying investment mandates and styles.

The Commission's asset mix policy as at December 31, 2013 was as follows:

Asset Class	Asset Mix	Tolerance Range
Bonds, Canadian	30%	±5%
Equities, Canadian	30%	±5%
Equities, Global	30%	±5%
Real Estate	10%	±5%

The Board relies on periodic asset and liability studies to ensure the investment strategy reflects the nature of the related liabilities. The most recent study, undertaken in 2012, indicated that the Injury Fund could reduce volatility and potentially improve returns through an increase in the allocation to real estate from 5% to 10%. Accordingly, the Board approved a change in the Injury Fund asset mix by making an equal reduction in the allocation to the Canadian equity asset class. The Commission is funding this allocation through its existing Canadian real estate manager, over an 18-month period which commenced in 2013. The Canadian equity asset class had been overweight and the real estate asset class underweight during the period of transition. The asset mix will also vary from the targets due to differences in the relative performance of the various financial market segments. During 2013, the Commission's global equity portfolio performed well (35.2% return) and the fixed income portfolio had negative returns (-0.5%), which resulted in them being over and under target respectively at year-end. However, as depicted in the chart below, all asset classes were within tolerance range at December 31, 2013.

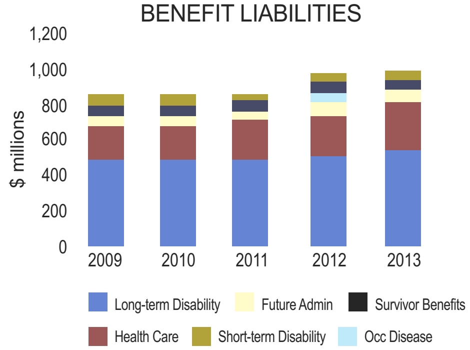
ASSET MIX VS. POLICY, DEC. 31, 2013



Benefit Liabilities

Benefit liabilities reflect the present value of all future payments expected to be made on behalf of injured workers whose claims were accepted as of December 31, 2013, and the future cost of administering those claims. The Commission has also included a provision for future claims related to latent occupational disease, of 7% of the benefit liability, based on a study completed by the Commission's actuary in 2012 based on claims experience to the end of 2009. The next study scheduled for 2014 will be based on occupational disease claims experience to the end of 2013.

BENEFIT LIABILITIES



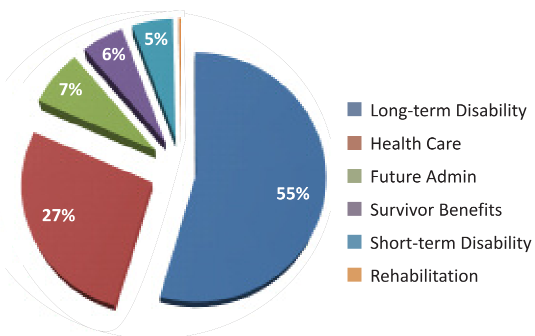
The benefit liabilities are increased each year for the estimated cost of current and prior year injuries and are reduced by actual payments in the year and revisions to actuarial estimates for prior years' claims. These experience adjustments are a normal and expected part of the actuarial valuation process.

The Commission has a financial strategy policy aimed at maintaining the funded position within a reasonable range over the long term. The economic and actuarial assumptions used in the valuation of liabilities are reasonable estimates of future expectations for these variables over the long term. The assumptions, described in Note 15 - Benefit Liabilities and Claims Costs to the financial statements, have not changed from the previous year.

The Commission's benefit liabilities include amounts set aside to pay the future cost of short and long-term disability, survivor benefits, health care, rehabilitation, occupational disease and future administration costs. Benefit liabilities increased 1.5% from $968.8 million at the end of 2012, to $983.3 million at the end of 2013. In 2013, the liability for benefits arising from occupational disease is reflected in each of the applicable benefit categories, rather than a separate component of the benefit liability.

The liability for long-term disability benefits represents the single largest component of the overall benefit obligations. At December 31, 2013, the long-term disability liability was 54.5% of the total benefits liability and amounted to $535.8 million, a 0.8% increase from the prior year. The growth of this liability is less than expected mainly due to: extended earnings loss (EEL) claim terminations being greater than expected ($6 million); and the actual inflation rate being lower than the assumed rate ($5 million).

BENEFIT LIABILITIES



In addition to the liability for long-term disability claims accepted during the year, the liabilities include a provision for outstanding claims that might become long-term disability claims in future years. The observed (actual) average capitalization increased slightly from about $125,000 in 2012 to $132,000 in 2013. The average new capitalization award for the past 5 years, when adjusted for inflation, is $128,000. The corresponding 3 year average is $131,000. Due to this rising trend, the actuaries have increased their assumed average capitalization to $130,000.

The Commission's actuaries have also noted that the percentage of short-term claims expected to become long-term has remained stable at 6.2%. In addition, the absolute number of expected long-term claims has declined slightly to roughly 220 per year for the years 2011 to 2013. Overall, the lower number of short-term claims combined with a stable propensity to become long-term results in a slight decrease in the absolute number of expected long-term claims for the years 2011 to 2013.

The next largest benefit liability category is health care, which is 27.1% of the benefit liability at $266.7 million, a 6.7 % increase from 2012. The growth in the liability is mainly attributable to the Commission's health-care payment experience on long duration claims. The actuaries have noted that the projected health-care payments for old claims have not been declining as quickly as anticipated. Recognition of this payment trend in the valuation results in an $8 million increase in the liability.

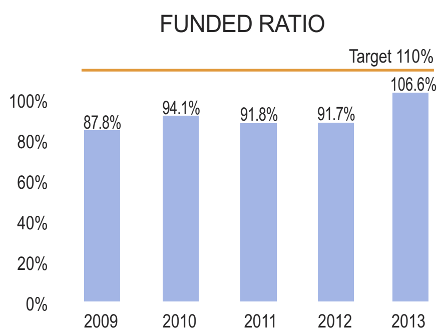
In 2013, survivor benefits declined by $1.9 million. The Commission accepted 30 fatality claims in 2013 compared with 26 in 2012. Of these, 5 were as a result of accidents and 25 arose from occupational disease (2012: 6 accidents, 20 occupational disease). Despite the increase in fatality claims the liability for survivor benefits was slightly lower than expected due to a combination of two offsetting factors: gains from the actual inflation rate being lower than the assumed rate; and exceeding losses due to more claims arising from prior accident years than anticipated in the valuation.

Funding Policy

The Commission's Funding Policy, which was agreed to by stakeholders, is designed to maintain a funded position that will provide for the security of injured worker benefits within employers' reasonable ability to pay assessments. The Funding Policy provides guidance to ensure the Commission responds to external factors, such as volatile investment markets, in a controlled and responsible manner.

Management Discussion & Analysis

The Commission's funded position is defined by the relationship of total assets to total liabilities and the Injury Fund is fully funded when the total assets equal or exceed total liabilities. However, due to the potential volatility of investment market returns, the Board of Directors has established a funding target of total assets equal to 110% of total liabilities. The Funding Policy specifies a funding target operating range from 100% to 120%. If the funded status moves outside the targeted range, the Commission will adjust assessment rates paid by employers over a fifteen-year period to achieve the funding target. The Commission's assessment rates for 2012 and 2013 included an upward adjustment of $0.25 per $100 of payroll.



At funding levels above 140% the Commission will consider one-time expenditures. One-time expenditures include, but are not limited to, benefit improvements, assessment rebates and funding for prevention programs. The introduction of benefit improvements is subject to the approval of the Government of the Province of Newfoundland and Labrador. In order to ensure the long-term sustainability of the workers' compensation system, the Commission will take into account the current and all future costs associated with any one-time expenditures.

Fund Surplus

At December 31, 2013, the Commission's assets totaled $1,081.5 million compared with total liabilities of $1,014.3 million.

The net fund surplus of $67.1 million consists of $66.4 million in accumulated operating surpluses, other comprehensive income of $0.2 million, and an occupational health and safety research reserve of $0.6 million.

Funded Status

($ millions)	2013	2012
Total Assets	1,081.5	910.0
Total Liabilities	1,014.3	991.8
Accumulated Operating Surplus	67.1	(81.8)
Stabilization fund (10%)	101.4	99.2
Funding Strategy Deficiency	34.3	181.0
$0.25 surcharge years remaining	3	11

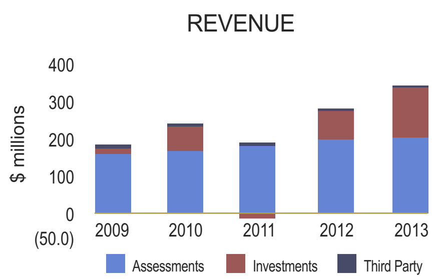
The ratio of total assets to total liabilities is one measure of the financial strength of the Commission. The funded ratio is an indicator of the percentage of projected benefits on existing claims that can be paid from existing assets. At December 31, 2013, the Commission's funded ratio had increased to 106.6%. The improvement of the funded ratio was primarily due to the higher investment returns, as well as, the cost of current years' injuries coming in lower than reflected in the average base assessment rate.

The Commission's long-term funding target is to achieve a level of total assets equal to 110% of total liabilities which is equivalent to requiring a stabilization fund of 10%. At December 31, 2013, this required stabilization fund amounted to $101.4 million, bringing the total funding strategy deficiency to $34.3 million. This compares with a funding strategy deficiency of $181.0 million at the end of 2012. The total deficiency will be recovered through surcharges in employer assessment rates. It is anticipated the current surcharge of $0.25 per $100 of payroll will remain in place until 2016 (i.e. for another three years). At the end of 2008, following the collapse in global capital markets, it was estimated the surcharge would have to stay in place for 34 more years. The length of the amortization period and the level of the surcharge will depend primarily on future investment performance of the Injury Fund, changes in the assessable payroll base and claims cost experience.

Statement of Operations

Revenues

The Commission's revenue sources are assessments paid by employers, investment income and third party recoveries. In 2013, revenues totaled $342.4 million, a 21.9% increase from 2012 revenues of $281.0 million, primarily driven by an improvement in the performance of financial markets, and therefore, a significant increase in investment income.



Assessments Revenue

Revenue from assessments consists of base assessments, and practice and experience incentives, refunds and charges disbursed and collected through the PRIME program. Revenue also includes payments made on behalf of self-insured employers.

Although the average base assessment rate remained constant at $2.75, the assessment revenue from rate based employers increased 2.5% to $191.3 million in 2013 from $186.7 million in 2012. In 2013, employer assessable payrolls increased by 9.3% to $7.6 billion due to growth across most industry sectors and partly because of the annual increase in the maximum assessable and compensable earnings limit. The growth in assessments revenue was muted, however, due to reductions in the average rates in certain sectors. The reduction in average rates is a reflection of improving claims cost experience in these sectors.

Under the Commission's PRIME program, employers can impact the assessments they pay by meeting their practice requirements under the practice incentive component and managing their claim costs under the experience incentive component. The practice incentive recognizes employers for complying with specified components of occupational health and safety and return-to-work practices through a five per cent refund on their average calculated base assessments. Since this program came into effect in 2005, employers have earned $35.2 million in PRIME practice refunds.

PRIME Refunds/Changes

($ millions)	2013	2012
Practice refunds paid	5.9	5.3
Practice refunds forfeited	2.5	2.4
Practice refunds available	8.4	7.7
Experience refunds paid	10.4	8.1
Experience refunds forfeited	4.4	3.9
Experience refunds available	14.8	12.0
Experience charges	(4.2)	(3.8)

The experience incentive component of PRIME was introduced to large employers in 2008 and expanded to all other eligible employers in 2009. Employers are assigned an experience incentive range based on payroll, industry classification and assessments. If claim costs fall below the bottom of their range, employers may be eligible to receive a refund while those with claim costs above the top of their range will receive an experience charge. When claim costs fall within the range neither a refund nor a charge is applied. Employers must meet the practice incentive requirements before being eligible for experience refunds. Although experience refunds and charges are intended to offset each other in the long-term, since this program came into effect, employers have earned a net of $16.5 million in PRIME experience incentives. The net refund position is indicative of the decline in the lost-time incidence rate. For the first time in 2013, the Commission accrued a net experience incentive of $6.2 million to reflect this recent experience.

The ultimate amount of practice and experience incentives for the 2013 PRIME program year will not be known until the processing and subsequent audits of employer statement data is completed later in 2014. The Commission estimates that employers will qualify for practice incentive refunds of $6.3 million in 2014 based on their 2013 performance and their qualifying experience incentive, net of experience charges, will be $8.9 million.

Revenues from self-insured employers decreased 8.3% from $10.8 million in 2012 to $9.9 million in 2013. Self-insured employers experienced lower number of claims and lower claims payments in all benefit categories during 2013 as compared to 2012.

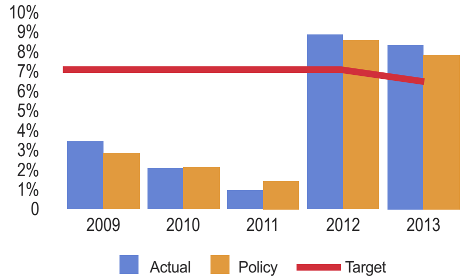
Investment Income

Investment income includes dividends and interest from the Injury Fund portfolio and short-term investments, as well as gains and losses arising from changes in the market value of the investment fund. In accordance with International Financial Reporting Standards (IFRS), both realized and unrealized gains and losses are included in investment income. The application of this standard has produced significant volatility in the operating results and funded status of the Commission in recent years.

The target rate of return for the investment portfolio had been 7.12% or 3.5% after inflation over the long term. In 2012, the Commission revised its long-term return target to 6.6%, which still reflects a 3.5% real rate of return, but a lower inflation expectation. In 2013, the Injury Fund had a rate of return of 16.3% compared with a 10.9% return in the previous year. The fund has generated an average return of 8.5% over the most recent four years and 6.7% over the most recent ten years.

Another objective of the Injury Fund is to exceed the return of the benchmark portfolio (i.e. the policy return) on a four-year moving average basis. The policy return is the return the Injury Fund would have earned had each asset class achieved the return of its respective passive index and was at its target weight according to the Long-term Investment Policy. For the four-year period ending December 31, 2013, the Injury Fund earned an annualized return of 8.5% compared to the policy return of 7.9%.

FOUR-YEAR ANNUALIZED RETURN

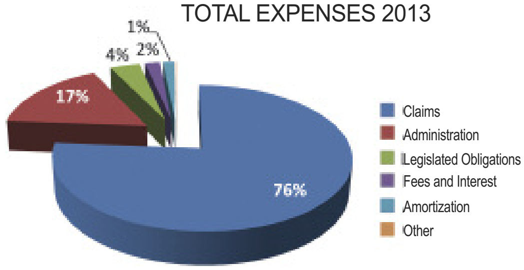


In 2013, the Commission realized investment income of $140.1 million, compared to $82.6 million in 2012. There was a 22.3% increase in interest and dividends from $22.9 million in 2012 to $28.0 million in 2013. The remainder of the income is due to net gains realized on the sale of assets during the year, as well as the change in market value from the previous year-end.

Expenses

The Commission's total expenses include benefit costs, administrative expenses, legislated obligations, fees and interest, amortization and other expenses. Benefits for injured workers are the most significant component of the Commission's expenses, which comprises over 76% (2012 – 76%) of expenses, while administration expenses are approximately 17% (2012 – 17%) of the total.

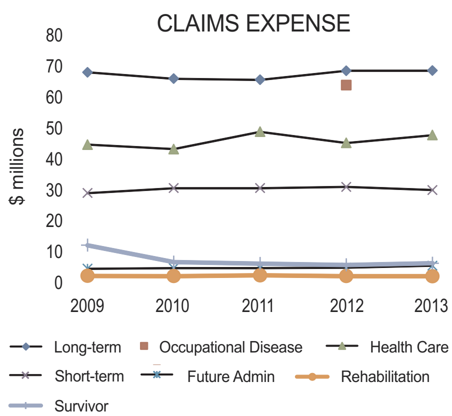
TOTAL EXPENSES 2013



In 2013, total expenses were $193.9 million, a decrease of $96.9 million from $290.9 million in 2012. The decrease is attributed primarily to the higher claims costs incurred in 2012.

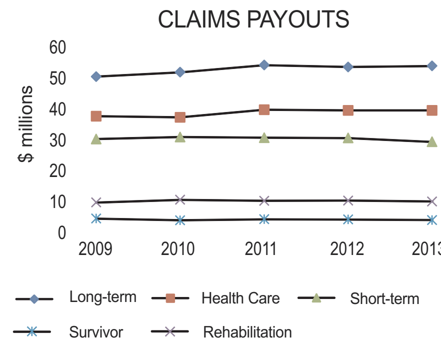
Claims costs incurred

Claims costs incurred (expense), as reported in the Statement of Operations, are actuarially determined and include the full cost of providing for all injuries that occurred in the current and prior years. Claims costs incurred decreased $97.2 million (40.0%) from $242.6 million in 2012 to $145.5 million in 2013. This was mainly due to: the initial recognition of a liability for latent occupational disease ($63.4 million) and other actuarial losses in 2012 ($26.0 million), plus actuarial gains of $10.5 million recognized in 2013.



Claims costs paid

Claims costs paid, as reported in the Statement of Cash Flows, represent actual cash payments to injured workers for wage loss and other benefits, payments to health-care providers for services rendered to injured workers and payments to suppliers for health-care goods and devices. These amounts include payments made on behalf of self-insured employers. In total, these payments decreased 1.1% to $131.0 million in 2013, from $132.5 million in 2012. The average rate of increase from 2007 to 2012 has been 1.6%.



The decrease in claims costs paid occurred across all benefit categories with the exception of long-term benefits, which had a small increase ($0.4 million).

Although there were increases in average weekly wages and the maximum assessable and compensable earnings limit, the number of short-term claims and average number of weeks paid on those claims declined again in 2013 ($1.3 million).

While payments for health-care services were consistent with the prior year, there were increases in payments in the categories of hospital and physician services, driven by rate increases, offset by decreases in other categories including occupational rehabilitation, chiropractic and physiotherapy, driven by lower utilization.

Administrative and other expenses

In 2013, the Commission's administration, amortization and other operational expenses declined slightly to $36.8 million compared to $36.9 million in the previous year.

While overall administration expense was stable, there were savings in the salaries and benefits category due to a net reduction in staffing complement of nine positions ($0.5 million), offset by small increases in general office expenses ($0.2 million) and professional fees ($0.2 million).

Legislated obligations

The Commission is required by legislation to fund the operating costs of the Occupational, Health and Safety Branch of Service NL in delivering their occupational health and safety mandate.

The Commission also reimburses the provincial government for a portion of the operating costs of the government reporting entity of the Minister Responsible for the Commission. This involved the Department of Human Resources, Labour and Employment (until March 31, 2012) and thereafter, the Labour Relations Agency in respect of administering the *Act*. Legislation also requires that the Commission fund all of the costs of operating the Workplace Health, Safety and Compensation Review Division and the Statutory Review. The Commission also provides funding to employer and worker advisor positions. Total legislated obligations and other commitments increased by $0.2 million in 2013 to $7.8 million.

Outlook

The financial sustainability of the workers' compensation system in Newfoundland and Labrador improved in 2013 as the Commission's achieved a funded status of 106.6% in 2013 (2012 – 91.7%). This was due primarily to strong investment performance, as well as small increases in assessment revenue, as payrolls in the province continue to grow. Other positive factors include lower than expected inflation, favourable experience on prior years' claims and a slight reduction in new injury claims.

Stakeholders should be mindful of the balance that continues to exist between investment returns, assessment revenue, injury rates and claims costs and the effect these factors have on the Commission's funded status.

For 2014, the Board reduced the average base assessment rate per $100 of assessable payroll from $2.75 to $2.45. The rate is composed of $2.20 to cover the cost of current year injuries, plus a $0.25 surcharge which is required to amortize the current funding deficiency. This surcharge will remain in place until the 110% funding target is achieved. Current projections indicate that this will take at least another three years. The reduction in base assessment rates is projected to result in a 10% reduction in assessment revenue. Despite this reduction the Commission expects assessment revenue for 2014 to be more than sufficient to cover the anticipated cost of new injuries for that year. As well, for 2014, the Commission has increased the MCAE by $6,000, plus the CPI adjustment, to bring Newfoundland and Labrador's MCAE in line with the Commission's Atlantic counterparts. This will put upward pressure on the cost of new claims, but should be offset by equivalent increases in assessment revenue.

The Provincial government is forecasting just a 0.5% increase in real Gross Domestic Product (GDP) in Newfoundland and Labrador in 2014 from a tapering of employment growth due to lower nickel production and declining construction investment. The National Energy Board is forecasting that lower oil production will be offset by higher levels of capital investment related to new oil fields and the Muskrat Falls hydro-electric project. Changes in the timelines and numbers of major projects could affect this forecast significantly.

On a global level there are a number of factors which will influence investment returns including the level of economic growth, energy prices, inflation and government stability. Although the outlook for Europe is mixed, with northern countries expecting some growth from the manufacturing sectors, and southern countries benefiting less from exports outside the Eurozone, economic growth in 2014 is forecast to be 1.3%. Economic growth in the United States is forecast at 2.6% as there are expectations that their issues will be resolved, and Canada's growth in GDP is forecast at 2.4%. The Commission is expecting a return to more normal investment performance in 2014.

As the Commission implements the 2014-2016 Strategic Plan, the key goal areas continue to include client service, claims management delivery, injury prevention and financial sustainability. The Commission continues to implement further elements of the CMM which is directed at reducing the duration of short-term claims and enhancing the medical management of claims. The ultimate goal is to improve client service while reducing the cost of new injuries.

The extent to which further reductions are achieved in the provincial injury incidence rate, or a reversal in the downward trend is avoided, will depend on maintaining a committed focus on workplace safety by all stakeholders. The Commission is implementing its integrated prevention strategy which includes the initiatives to be undertaken in partnership with all stakeholders, including government, to further strengthen the workplace safety culture in the province.

FINANCIAL STATEMENTS

2013 ANNUAL PERFORMANCE REPORT

Management responsibility for financial reporting

The financial statements of the Workplace Health, Safety and Compensation Commission are prepared by management, who are responsible for the integrity and fairness of the data presented, including significant accounting judgments, estimates and actuarial assumptions. This responsibility includes selecting appropriate accounting principles and actuarial assumptions consistent with International Financial Reporting Standards. Financial information contained elsewhere in this Annual Performance Report is consistent with these financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains a system of internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The Internal Auditor performs audits designed to test the adequacy and consistency of the Commission's internal controls, practices and procedures.

The Board of Directors oversees management responsibility for financial reporting through its Financial Services Committee which recommends approval of the financial statements. The Financial Services Committee oversees the external audit of the Commission's annual financial statements and the accounting and financial reporting and disclosure processes and policies of the Commission. The Financial Services Committee meets with management, the independent actuary and the independent auditors to discuss the results of the audit, the adequacy of internal accounting controls and the quality and integrity of financial reporting. The Commission's Board of Directors has approved the financial statements included in this Annual Performance Report.

Morneau Shepell Inc. has been appointed as independent consulting actuary to the Commission. Their role is to complete an independent actuarial valuation of the benefit liabilities of the Commission annually and to report thereon in accordance with accepted actuarial principles.

Ernst & Young, LLP, the independent auditors of the Commission, have performed an audit of the 2013 financial statements of the Commission in accordance with Canadian generally accepted auditing standards. The Independent Auditors' Report outlines the scope of this independent audit and their opinion on the financial statements.

Leslie Galway
Chief Executive Officer

Paul Kavanagh
Chief Financial & Information Officer

ACTUARIAL STATEMENT OF OPINION

We have completed the actuarial valuation of the benefit liabilities of the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador (the "Commission") as at December 31, 2013 (the "valuation date"). Details of the data, actuarial assumptions, valuation methods and results are included in the actuarial valuation report as at the valuation date, of which this statement of opinion forms part. In our opinion:

1. The data on which the valuation is based are sufficient and reliable for the purpose of the valuation. Data for the valuation were supplied by the Commission in accordance with specifications provided by us and we applied such checks of reasonableness of the data as we considered appropriate.
2. The assumptions are appropriate for the purpose of the valuation. The economic assumptions are consistent with the long-term financial strategy and long-term investment policies of the Commission. The discount rates used are disclosed in Note 15 to the financial statements.
3. The methods employed in the valuation are appropriate for the purpose of the valuation.
4. The valuation is based on the provisions of the Workplace Health, Safety and Compensation Act of Newfoundland and Labrador and on the Commission's policies and practices in effect on the valuation date.
5. The estimate of the actuarial liabilities for assessed employers as at the valuation date is $983,299,803. This includes provisions for benefits and administration expenses expected to be paid after the valuation date for accidents that occurred on or before the valuation date. It also includes a provision for potential long-latency occupational disease claims associated with exposure that occurred on or before the valuation date. Self-insured employers are not included in this valuation.
6. The amount of the actuarial liabilities makes appropriate provision for all personal injury compensation obligations and the financial statements fairly present the results of the valuation.
7. This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

Mark Simpson

Mark Simpson, F.C.I.A.

Morneau Shepell Ltd.

April 3, 2014

This report has been peer reviewed by Thane MacKay, F.C.I.A.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Workplace Health, Safety, and Compensation Commission

We have audited the accompanying financial statements of the Workplace Health, Safety and Compensation Commission, which comprise the statement of financial position as at December 31, 2013 and the statements of operations and comprehensive income (loss), changes in funded position, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Workplace Health, Safety, and Compensation Commission as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

St. John's, Canada,
April 4, 2014

Chartered Accountants

EY

A member firm of Ernst & Young Global Limited

Statement of FINANCIAL POSITION
as at December 31

(thousands of dollars)	**2013**	2012
Assets		
Cash and cash equivalents	**$ 38,209**	$ 33,919
Accounts receivable [note 6]	**9,632**	8,452
Investments [note 7]	**1,008,875**	842,889
Property, plant and equipment [note 10]	**8,620**	8,583
Intangible assets [note 11]	**16,153**	16,201
	$ 1,081,489	$ 910,044
Liabilities		
Accounts payable and accrued liabilities [note 13]	**25,219**	17,128
Employee future benefits [note 16]	**5,827**	5,905
Benefit liabilities [note 15]	**983,300**	968,804
	1,014,346	991,837
Fund balance	**67,143**	(81,793)
	$ 1,081,489	$ 910,044

Commitments [note 24]

Authorized for issue on _______________________on behalf of the Board of Directors

Ralph Tucker
Chairperson

Darren Roberts
Director

See accompanying notes.

***Statements of* OPERATIONS and COMPREHENSIVE INCOME (LOSS)**
Year ended December 31

(thousands of dollars)	**2013**	2012
		[restated - see Note 4]
Revenue		
Assessments revenue [note 14]	**$ 201,148**	$ 197,488
Investment income [note 8]	**140,131**	82,634
Third-party recoveries	**1,123**	838
	342,402	280,960
Expenses		
Claims costs incurred [note 15]		
Short-term disability	**29,282**	30,311
Long-term disability	**68,103**	68,081
Survivor benefits	**5,470**	4,933
Health care	**47,163**	44,598
Rehabilitation	**1,249**	1,296
Occupational disease	**-**	63,380
Actuarial adjustments	**(10,476)**	26,015
Future administration costs	**4,686**	4,001
	145,477	242,615
Administration [note 17]	**33,640**	33,621
Legislated obligations [note 18]	**7,814**	7,624
Fees and interest [note 12]	**3,880**	3,749
Amortization [notes 10 and 11]	**2,931**	2,664
Other expenses [note 19]	**185**	592
	193,927	290,865
Operating surplus (loss)	**148,475**	(9,905)
Other comprehensive income (loss)		
Remeasurement of employee benefit liability [note 16]	**461**	(248)
Total comprehensive income (loss)	**$ 148,936**	$ (10,153)

See accompanying notes.

***Statement of* CHANGES IN FUNDED POSITION**
Year ended December 31

(thousands of dollars)	**2013**	2012
		[restated – see Note 4]
Accumulated operating surplus (deficit)		
Balance, beginning of year	**$ (81,422)**	$ (71,517)
Operating surplus (loss)	**148,475**	(9,905)
	67,053	(81,422)
Accumulated other comprehensive income (loss)		
Balance, beginning of year	**(921)**	(673)
Other comprehensive income (loss)	**461**	(248)
	(460)	(921)
Reserves		
Occupational Health and Safety Research [note 20]	**550**	550
Fund balance, end of year	**$ 67,143**	$ (81,793)

See accompanying notes.

***Statement of* CASH FLOWS**
Year ended December 31

(thousands of dollars)	**2013**	2012
Cash flow from operating activities		
Cash received from:		
Employers, for assessments	**$ 199,968**	$ 200,787
Third parties	**1,123**	838
	201,091	201,625
Cash paid to:		
Claimants or third parties on their behalf	**(130,981)**	(132,452)
Suppliers and employees, for administrative and other goods and services	**(34,086)**	(38,986)
Investment manager, interest & other fees	**(3,880)**	(2,881)
Third party, from reserve fund	**-**	(10)
	(168,947)	(174,329)
Net cash provided by operating activities	**32,144**	27,296
Cash flows from investing activities		
Cash received from:		
Interest	**11,143**	10,580
Dividends	**17,559**	12,823
Sale of investments	**395,720**	351,997
	424,422	375,400
Cash paid for:		
Purchase of investments	**(449,353)**	(380,705)
Purchase of capital assets	**(2,923)**	(3,744)
	(452,276)	(384,449)
Net cash used for investing activities	**(27,854)**	(9,049)
Net change in cash and cash equivalents	**4,290**	18,247
Cash and cash equivalents		
Beginning of year	**33,919**	15,672
End of year	**$ 38,209**	$ 33,919

See accompanying notes.

Notes to FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

The Workplace Health, Safety and Compensation Commission (the Commission) was established by the Newfoundland Legislature in 1951, under the *Workplace Health, Safety and Compensation Act* (the Act), as amended. The Commission is a legislative incorporated entity with no share capital. The main office of the Commission is located at 146-148 Forest Road, St. John's, Newfoundland and Labrador, Canada. The Commission operates two regional offices in Newfoundland and Labrador in Grand-Falls-Windsor and Corner Brook.

The Commission is responsible for, in accordance with the provisions of the *Act*, preventing and reducing the occurrence of workplace injuries and diseases through the promotion of health and safety in workplaces; the establishment of occupational health and safety certification standards and certification of trainers; facilitating the claims management process and administering the payment of benefits to injured workers and dependents of fatally injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and investing funds, following investment policies which are approved by the Commission within guidelines established under the *Insurance Companies Act* (Canada). An independent Workplace Health, Safety and Compensation Review Division is established under the *Act* to make rulings on any appeals pertaining to the Commission assessment or benefit decisions. The Commission does not receive government funding or other assistance.

The funds, investments and income of the Commission are free from taxation pursuant to Section 10(2) of the *Act*.

2. BASIS OF PREPARATION

Statement of Compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Going concern
The Commission has assessed the relevant financial and economic indicators and has determined that there is an ability to operate as a going concern, as supported by the funding strategy to achieve and maintain a funded ratio between 100% and 120%.

Basis of measurement
The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in the significant accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for assets.

The financial statements are presented in Canadian currency (unless otherwise indicated).

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents and short-term investments

Cash and cash equivalents and short-term investments include cash, bank overdrafts and money market instruments. Those with original maturity dates at time of purchase of three months or less are classified as cash equivalents, whereas those with original maturities beyond 3 months, and less the 12 months are classified as short-term investments. Cash, cash equivalents and short-term investments are measured at fair value. Cash equivalents bear interest rates of 1.25% - 1.27% (2012 - 1.25% - 1.27%).

Assessments revenue

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls at which point revenue is recognized. The assessment levy is payable by installments within the current year. At year-end, assessment revenue is adjusted based on a review of the employers' actual payrolls, as well for the estimate of practice and experience incentive refunds which are payable to the employers under the Prevention & Return to Work Insurance Management for Employers/Employees Program (PRIME).

Assessment revenue also includes payments from self-insured employers, who directly bear the costs of their own incurred claims and their share of administration costs.

Accounts receivable

Actual employers' payrolls may differ from original estimates. Therefore, at year-end, a provision for accrued assessments is included in accounts receivable based on historical assessment information.

Property, plant and equipment

Property, plant and equipment are reported at cost, less accumulated amortization. These assets are amortized on a straight-line basis over their estimated useful lives, as follows:

Building	40 years
Furniture and equipment	10 years
Computer equipment	1 to 5 years
Equipment under capital lease	3 to 5 years

At the end of each reporting period, the useful lives of items of property, plant and equipment are reviewed and adjusted if required, and an assessment is made whether there is any indication of impairment.

Intangible assets

Intangible assets, which include purchased software and internally developed systems are recorded at cost and are amortized monthly on a straight-line basis over their estimated useful lives of ten years. Intangible assets are assessed for an indication of impairment at the end of each reporting period, and if an asset is determined to be impaired, its carrying value is reduced to the net recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Benefit liabilities
The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include a provision for all benefits provided by current legislation, policies and/or business practices in respect of existing claims and for future costs of administering claims.

The benefit liabilities were valued by an independent actuary using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

Benefit liabilities related to self-insured employers will be the responsibility of those employers when paid in future years. Accordingly, these benefit liabilities have not been determined by actuarial valuation and thus are not included in the Commission's benefit liabilities.

Foreign currency translation
Assets and liabilities denominated in foreign currencies are translated into their Canadian dollar equivalent using exchange rates in effect on the reporting date. Revenues and expenses are translated using exchange rates in effect at the transaction date. Realized and unrealized exchange gains or losses are included in comprehensive income.

Investments
Investments are designated as fair value through profit and loss (FVTPL). Realized gains and losses on the sale of investments, and unrealized gains and losses arising from the change in fair value of the investments are recorded in investment income during the period in which they arise. All purchases and sales of investments are recognized on the dates the trades are executed. Income from interest and dividends are recognized as investment income in the period earned.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of publicly traded investments is based on quoted prices from security exchanges, while that of domestic real estate investments and pooled fund units are valued at their year-end net asset values. Real estate net asset values are based on independent appraisals. There are pooled unit funds in both the fixed term and equity investments [Note 7].

Financial instruments
The Commission's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities and derivatives. The carrying value of financial instruments, with the exception of investments and derivatives, approximate fair value due to their immediate or short-term maturity and normal credit terms. Losses arising from impairment of accounts receivable are recognized in the statement of operations in fees and interest expense.

The following is a summary of the accounting model the Commission has elected to apply to each of its significant categories of financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset/Liability	Classification	Measurement
Cash and cash equivalents	FVTPL	Fair Value
Accounts receivable	Loans and receivables	Amortized cost
Investments	FVTPL	Fair value
Derivatives	Held-for-trading	Fair value
Accounts payables and accrued liabilities	Other liabilities	Amortized cost

Derivatives are financial contracts whose price is dependent on the price of one or more underlying securities. The notional principal amounts, upon which payments are based, are not recognized in these financial statements. The investment portfolio does not contain any derivatives intended for speculation purposes and does not hold derivatives on a segregated basis but does have indirect exposure through its pooled fund investments.

The fair value of the Commission's derivative positions is determined by the following methods:

1) Interest rate swaps, forward foreign exchange contracts and currency swaps are valued based on discounted cash flows using current market yields and exchange rates.

2) Futures contracts are valued based on quoted market prices.

Changes in the fair value of the Commission's derivative positions are included in investment income.

Financial instruments are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1 Valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities.

Level 2 Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly [i.e., as prices] or indirectly [i.e., derived from prices].

Level 3 Valuation techniques using inputs for the asset or liability that are not based on observable market data [unobservable inputs].

Financial instruments included in level 1 of the fair value hierarchy consist of cash and cash equivalents and equities. All other financial instruments are included in level 2. The Commission determines whether transfers have occurred between levels in the hierarchy for reassessing categorization at the end of each reporting period.

Employee future benefits
Accumulated annual leave is accounted for on an accrual basis in the period during which employees render service, and has been actuarially determined.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees participate in the Province of Newfoundland and Labrador's Public Service Pension Plan (PPSP), a multi-employer defined benefit plan. The employer's contributions are expensed as incurred. The Commission is not obligated for any unfunded liability, nor is the Commission entitled to any surplus that may arise in this plan.

The Commission provides a severance payment upon resignation, retirement or termination. The expected costs of providing these employee future benefits are accounted for on an accrual basis and have been actuarially determined using the projected benefit method prorated on service, and management's best estimate of salary escalation, and retirement ages of employees. Discount rates are based on the market yields of high quality corporate bonds. Actuarial gains and losses are recognized immediately through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Third-party recoveries

In certain circumstances, under Section 45 of the *Act*, the Commission is deemed to be an assignee of a cause of action in respect of a claimant disability. The amount by which settlements exceed the cost of the action, including administration and future benefit entitlement, is paid to the worker or dependents. Amounts received from third-party recoveries are recorded in the year during which the settlement occurs. No provision is made in the benefit liability for possible future third-party recoveries due to their contingent nature.

Reserves

In accordance with Section 20.5 (1) of the *Act*, the Commission maintains a special reserve fund for the purpose of health and safety research. The Act permits the Commission to allocate up to a maximum of 2% of its total assessment and investment income in each calendar year to establish and maintain this special fund.

In accordance with Section 116 (1) of the *Act*, the Commission may, at its discretion, establish reserves for the following:

- to meet an increase in the capitalization of compensation payments payable in future years where the increase cannot be provided without placing an undue burden on the employers in an industrial classification;

- to meet the loss arising from a disaster or other circumstances which would unfairly burden the employers in an industrial classification; or

- subject to the approval of the Lieutenant-Governor in Council, to meet the costs of particular needs of the Commission that it considers necessary.

4. CHANGES IN ACCOUNTING POLICIES

IAS 19 Employee Benefits
The Commission applied IAS 19 retrospectively in the current period, in accordance with the transitional provisions set out in the revised standards, and the comparative figures have been restated accordingly. The impact of this revised standard is that re-measurement gains and losses are recognized in other comprehensive income rather than directly in surplus and loss, and IAS 19 requires more extensive disclosures which have been provided in Note 16.

The Commission recognized an opening balance of accumulated comprehensive loss of $673,000 upon restatement at January 1, 2012, with an equivalent reduction in the accumulated opening operating deficit. The actuarial loss on the employee benefit liability of $248,000 recognized in 2012 was reclassified to other comprehensive loss, with an equivalent reduction in administration costs (salaries and employee benefits) and operating surplus. There was no impact on the statement of financial position or cashflows.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurement and requires additional disclosures. The adoption of IFRS 13 has not materially affected the fair value measurements of the Commission. Additional disclosures and the fair value hierarchy are provided in Notes 3 and 9.

5. SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Benefit liabilities
An actuarial valuation of the benefit liabilities is prepared by an independent firm of consulting actuaries who have rendered their opinion that the valuation was prepared in accordance with accepted actuarial practice, and that the actuarial assumptions are appropriate.

The Commission believes that the amount provided for benefit liabilities as at December 31, 2013, is adequate, recognizing that actuarial assumptions as disclosed in note 15 may change over time to reflect underlying economic trends. Such changes could possibly cause a material change in the actuarial present value of the future payments.

Assessments revenue
Accounts receivable at year-end include an estimate of annual premium revenues for the year that have not yet been received from employers. The recorded amounts are based upon management’s best information and judgment, with regards to actual experience in preceding years. However, until all employers actually submit their final annual payroll information to the Commission, the recorded assessments revenues for the year and the estimated amounts receivable at year-end are subject to measurement uncertainty.

Employee future benefits
An actuarial valuation of severance and annual leave liabilities is prepared by an independent firm of consulting actuaries, using the assumptions disclosed in note 16. Changes in these assumptions could have a material impact on the accrued benefit obligations.

6. ACCOUNTS RECEIVABLE

(thousands of dollars)	**2013**	2012
Assessments	**$ 7,952**	$ 9,134
Less: Allowance for doubtful accounts	**(4,581)**	(4,632)
	3,371	4,502
Accrued assessments	**3,199**	1,379
Other	**3,062**	2,571
	$ 9,632	$ 8,452

7. INVESTMENTS

(thousands of dollars)	**2013**		**2012**	
	Fair value	Cost	Fair value	Cost
Fixed term	**$ 275,850**	**$ 284,833**	$ 265,061	$ 262,118
Equities	**669,203**	**498,508**	538,546	471,902
Real Estate	**63,822**	**53,678**	39,282	35,000
	$ 1,008,875	**$ 837,019**	$ 842,889	$ 769,020

Derivatives
At December 31, 2013, the fair value of the Commission's derivative portfolio was $260,560 [notional value of $20,011,742]. Derivative instruments held at December 31, 2012 had a fair value of $165,216 [notional value of $26,744,973].

8. INVESTMENT INCOME

Investment income is comprised of the following:

(thousands of dollars)	**2013**	2012
Interest and dividends	**$ 28,034**	$ 22,871
Realized gain on sale of investments	**13,443**	14,708
Interest on short-term investments	**668**	532
Unrealized gain on change in fair market value of investments	**97,986**	44,523
Investment income	**$ 140,131**	$ 82,634

9. RISK MANAGEMENT

The Commission manages its investment portfolio in accordance with its long-term investment policy. The investment risk inherent in an investment portfolio is managed through diversification in both asset classes and investments within each asset class. The Commission also engages a number of different fund managers with a broad range of investment philosophies and styles.

The Board of Directors is ultimately responsible for the governance and strategic direction of the Commission's investments through its review and approval of the long-term investment policy and ensuring adherence to the policy. Management is responsible for monitoring performance, regular reporting to the Board, and recommending changes in the investment policy or fund managers. The Board and Management use the services of an external consultant to benchmark the performance of fund managers and to provide advice on investment policies and practices.

Fair Value Hierarchy

	Fair Value	
(thousands of dollars)	**2013**	2012
Level 1		
Cash and cash equivalents	**$ 17,260**	$ 15,270
Domestic equities	**337,840**	305,906
Foreign equities	**320,442**	227,907
	675,542	549,083
Level 2		
Fixed term investments	**269,511**	254,524
Real Estate	**63,822**	39,282
	333,333	293,806
	$ 1,008,875	$ 842,889

There have been no transfers between levels during 2013.

The following sections describe the key financial risk exposures and management strategies to mitigate these risks.

<u>Credit risk management</u>
Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. At December 31, 2013, 80.6% [2012 – 85.0%] of the fixed income assets in the portfolio have at least an "A" credit rating. The Commission does not anticipate that any issuers will fail to meet their obligations.

The Commission may invest in short-term commercial debt or paper rated R1 or higher. Provincial short-term debt and debt of agencies guaranteed by the provinces may be rated lower than R1.

9. RISK MANAGEMENT (continued)

The short-term portfolio investments held with any one corporate issuer is limited to 10%, at any given time, of the Commission's estimated annual cash receipts.

Currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates compared to the Canadian dollar. Investments denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the reporting date. Forward foreign exchange and future contracts are used to hedge the currency risk of certain foreign denominated fixed-term investments. Hedge accounting has not been applied to hedging arrangements. The Commission does not undertake hedging strategies for the currency risk of foreign equity investments.

As at December 31, 2013, the Commission's holdings in foreign equities and pooled equity funds had a market value of $320.4 million [2012 - $227.9 million] representing 31.8% [2012 – 27.0%] of the market value of the total investment portfolio.

The table below presents the impact on comprehensive income of a 10% appreciation in the value of the Canadian/U.S. dollar and the Canadian dollar/Euro on the value of the equity portfolio.

(thousands of dollars)	**2013**		2012	
10% appreciation in the Canadian dollar	**CAD/USD**	**CAD/EURO**	CAD/USD	CAD/EURO
Impact on comprehensive income	**$ (18,339)**	**$ (3,040)**	$ (13,422)	$ (2,488)

Interest rate risk

Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates. The Commission is exposed to interest rate risk through investment in fixed income securities. Interest rate risk is managed through diversification of fixed income securities through sector allocation and security duration.

The table below presents the impact on comprehensive income of a 50 basis point (bps) and 100 bps changes in interest rates on the fixed income portfolio:

(thousands of dollars)	**2013**		2012	
Change in nominal interest rates	+50bps	+100bps	+50bps	+100bps
Impact on comprehensive income	**$ (8,606)**	**$ (16,958)**	$ (8,261)	$ (16,259)

9. RISK MANAGEMENT (continued)

The table below represents the remaining term to maturity of the Commission's fixed-term investments:

(thousands of dollars)	Remaining Term to Maturity			
Fixed term Investments	Within 1 year	1 to 5 years	Over 5 years	Total
2013 Fair Value	**$ 32,712**	**$ 73,975**	**$ 169,163**	**$ 275,850**
2012 Fair Value	$ 42,981	$ 44,002	$ 178,078	$ 265,061

Liquidity risk
Liquidity risk is the risk that the Commission will be unable to meet its contractual obligations and financial liabilities. The Commission manages liquidity risk by monitoring its cash flows and by ensuring that it has sufficient cash and credit facilities available to meet its obligations and liabilities.

Equity price risk
Market risk is the risk that the fair value of marketable securities or long-term investments will change as a result of changes in the market price. Market prices of securities are subject to change as a result of perceived or real underlying changes in the economic condition of the issuer, the relative price of alternative investments, and general market conditions.

The Commission manages market risk through adherence to an investment policy that prescribes an asset mix that provides for the diversification of risk across a broad group of securities that meet the long-term return objectives of the investments portfolio.

The table below presents the impact on comprehensive income of a material change in the key risk variable measured as 1 or 2 standard deviations (std dev) of the sector benchmark, for each of the equity mandates in the Commission's equity portfolio.

(thousands of dollars)	**2013**		2012	
Equities	**1 std dev**	**2 std dev**	1 std dev	2 std dev
% Change in market benchmark	**(12.7%)**	**(25.3%)**	17.0%	(33.9%)
Canadian equity	**$ (39,185)**	**$ (70,455)**	$ (45,092)	$ (78,768)
% Change in market benchmark	**(11.2%)**	**(22.4%)**	(13.2%)	(26.5%)
Non-Canadian equity	**$ (32,256)**	**$ (58,611)**	$ (26,629)	$ (47,686)

10. PROPERTY, PLANT AND EQUIPMENT

(thousands of dollars)	2013			
	Opening Balance	**Additions/ Depreciation**	**Disposals**	**Closing Balance**
Cost				
Land	**$ 3,000**	**$ -**	**$ -**	**$ 3,000**
Buildings	**10,727**	**130**	**-**	**10,857**
Furniture & equipment	**2,765**	**152**	**(24)**	**2,893**
Computer equipment	**4,301**	**295**	**(241)**	**4,355**
Total	**20,793**	**577**	**(265)**	**21,105**
Accumulated Depreciation				
Land	**-**	**-**	**-**	**-**
Buildings	**6,141**	**197**	**-**	**6,338**
Furniture & equipment	**2,499**	**72**	**(23)**	**2,548**
Computer equipment	**3,570**	**266**	**(237)**	**3,599**
Total	**12,210**	**535**	**(260)**	**12,485**
Net Book Value	**$ 8,583**	**$ 42**	**$ (5)**	**$ 8,620**

(thousands of dollars)	2012			
	Opening Balance	**Additions/ Depreciation**	**Disposals**	**Closing Balance**
Cost				
Land	$ 3,000	-	-	$ 3,000
Buildings	10,727	-	-	10,727
Furniture & equipment	2,698	99	(32)	2,765
Computer equipment	4,493	614	(806)	4,301
Total	20,918	713	(838)	20,793
Accumulated Depreciation				
Land	-	-	-	-
Buildings	5,945	196	-	6,141
Furniture & equipment	2,455	75	(31)	2,499
Computer equipment	4,067	309	(806)	3,570
Total	12,467	580	(837)	12,210
Net Book Value	$ 8,451	$ 133	$ (1)	$ 8,583

11. INTANGIBLE ASSETS

(thousands of dollars)	Cost	Accumulated Amortization	Net Book Value
Balance at January 1, 2012	$ 23,598	$ (8,344)	$ 15,254
Additions	3,031	-	3,031
Disposals	(124)	124	-
Amortization	-	(2,084)	(2,084)
Closing balance, December 31, 2012	**26,505**	**(10,304)**	**16,201**
Additions	**2,346**	**-**	**2,346**
Disposals	**(469)**	**471**	**2**
Amortization	**-**	**(2,396)**	**(2,396)**
Closing balance, December 31, 2013	**$ 28,382**	**$ (12,229)**	**$ 16,153**

Intangible assets include systems development costs for 2013 in the amount of $2,220,000 [2012 - $2,751,000] related to internally generated systems which are still under development.

12. FEES AND INTEREST

Fees and interest are comprised of the following:

(thousands of dollars)	**2013**	2012
Fund managers' investment fees	**$ 3,509**	$ 2,767
Banking fees	**94**	96
Bad debt expense	**245**	868
Interest paid to claimants	**32**	18
Fees and interest	**$ 3,880**	$ 3,749

The Commission has established an operating line of credit with its banker in the amount of $20,000,000. Advances on the line of credit bear interest at the bank's prime interest rate minus 0.4%. The credit facility is unsecured and was not utilized during 2013. No amount was outstanding at December 31, 2013 and 2012.

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(thousands of dollars)	**2013**	2012
Accounts payable	**$ 20,569**	$ 13,336
Amounts due to employees	**700**	675
Credit balances due to employers	**3,950**	3,117
	$ 25,219	$ 17,128

Accounts payable includes a provision in the amount of $12,405,000 [2012 - $5,355,000] for amounts owing to employers under the Commission's PRIME program.

14. ASSESSMENTS REVENUE

The Commission administers the *Act* for two groups of employers, referred to as assessment-based employers and self-insured employers. Assessment-based employers are insured through "collective liability" and are required to contribute to the Commission's injury fund, whereas self-insured employers are individually liable. The Commission pays the actual cost of claims for self-insured employers and bills them on a monthly basis for payments related to: short-term disability, including rehabilitation; health care; long-term disability, including permanent functional impairment awards; and survivor benefits, together with their proportionate share of administration costs.

(thousands of dollars)	**2013**	2012
Gross assessed employers	**$ 202,315**	$ 190,558
Assessment reporting penalties & interest	**1,387**	1,506
PRIME refunds	**(12,405)**	(5,355)
Net assessment revenue	**191,297**	186,709
Self-insured employers [note 23]	**9,851**	10,779
Total	**$ 201,148**	$ 197,488

15. BENEFIT LIABILITIES AND CLAIMS COSTS

(thousands of dollars)	2013							2012
	Short-term disability	Long-term disability	Survivor benefits	Health care	Rehabilit-Ation	Future Admin. Cost	Total	Total
Balance, beginning of year	$ 53,179	$ 534,407	$ 55,644	$ 251,351	$ 3,291	$ 70,932	$ 968,804	$ 858,641
Add:								
Claims costs incurred:								
Current–year injuries	25,633	30,583	1,557	29,399	1,042	-	88,214	88,368
Prior years' injuries	728	3,870	459	2,106	16		7,179	7,421
Interest expense	2,921	33,650	3,454	15,658	191	4,686	60,560	57,431
	29,282	68,103	5,470	47,163	1,249	4,686	155,953	153,220
Deduct:								
Claims payments:								
Current–year injuries	9,419	459	117	8,253	4	-	18,252	18,535
Prior years' injuries	18,933	54,546	7,278	31,141	831	-	112,729	113,917
	28,352	55,005	7,395	39,394	835	-	130,981	132,452
Actuarial adjustments:								
Occupational Disease	-	-	-	-	-	-	-	63,380
Changes in valuation methods and assumptions	-	6,500	-	-	-	-	6,500	27,400
Claims experience different than expected	(1,600)	(9,400)	300	7,600	(400)	-	(3,500)	-
Inflation lower than expected	-	(7,400)	(1,000)	100	-	-	(8,300)	(9,500)
Other gains/losses	(530)	(1,408)	465	(137)	59	(3,625)	(5,176)	8,115
Sub-total	(2,130)	(11,708)	(235)	7,563	(341)	(3,625)	(10,476)	89,395
Balance, end of year	$ 51,979	$ 535,797	$ 53,484	$ 266,683	$ 3,364	$ 71,993	$ 983,300	$ 968,804

15. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)

Claims Development

The table that follows presents the development of the estimated ultimate cost of claims and claim payments for accident years 2007-2013. The top part of the table illustrates how the estimate of total claims benefits for each accident year has changed with more experience over succeeding year-ends. It shows the estimated cost of claims for an accident year in the year of accident, one year after the year of accident, two years after the year of accident, and so on and compares the total estimated cost to the actual cumulative payments over the development period. Due to the extremely long duration of many Commission benefits, significant amounts may be paid out in the distant future beyond the valuation date. The bottom part of the table reconciles the total outstanding benefits amount to the discounted amount reported in the statement of financial position.

(thousands of dollars)

Accident Year	2007	2008	2009	2010	2011	2012	2013	Total
Estimate of cumulative claims:								
At end of year of accident	$ 139,692	$ 149,568	$ 186,721	$ 147,535	$ 154,019	143,899	144,529	
One year later	127,032	139,326	166,238	142,380	133,805	125,030		
Two years later	126,663	132,818	167,506	141,828	136,914			
Three years later	132,011	134,934	170,448	144,373				
Four years later	136,413	137,089	173,636					
Five years later	135,434	136,806						
Six years later	133,898							
Estimate of cumulative claims	133,898	136,806	173,636	144,373	136,914	125,030	144,529	995,186
Cumulative payments	(59,979)	(57,473)	(56,989)	(51,076)	(43,441)	(33,425)	(16,738)	(319,121)
Estimate of future Payments	73,919	79,333	116,647	93,297	93,473	91,605	127,791	676,065
2006 and prior years								924,045
Effect of discounting								(753,131)
Claims Administration								71,993
Latent occupational disease								64,328
Benefit Liabilities at December 31, 2013								**983,300**

15. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)

The table below lists the principal economic assumptions used in the valuation of the benefits liabilities.

	2013		2012	
	CPI-Indexed awards	**Other payments**	CPI-Indexed awards	Other payments
Gross rate of return	**6.61%**	**6.61%**	6.61%	6.61%
Inflation year 1	**1.00%**	**3.00%**	2.40%	3.00%
Inflation later years	**3.00%**	**3.00%**	3.00%	3.00%
Net rate of return year 1	**5.55%**	**3.50%**	4.11%	3.50%
Net rate of return later years	**3.50%**	**3.50%**	3.50%	3.50%

The benefit liabilities include a provision for the cost of future claims administration. At December 31, 2013, this was estimated at 8.5% of the benefit liability (2012 – 8.5%). The benefit liabilities also include a provision for latent occupational disease which is estimated at 7% of the benefit liabilities (2012 – 7%). In 2012, initial recognition of the latent occupational disease was shown separately, but in the 2013 benefit liabilities it is included in each respective category.

In determining the Commission's claim benefit liabilities, a primary risk is that the actual benefit payments may exceed the amount estimated in determining the liabilities. This may occur due to changes in claim reporting patterns, frequency and/or size of claim payments or duration of claims. Compensable injuries and benefits payable may also change due to legislation or policy changes. With potentially long claims run-off periods, inflation is also a factor because future costs could escalate at a faster rate than expected.

The table below shows the sensitivity of benefit liabilities and claims costs to changes in the key assumptions.

(millions of dollars)

1% Change in assumption	Impact	Benefit Liabilities	Claims Costs
Decrease discount rate	Increase	**$ 83.5**	**$ 6.4**
Increase inflation rate	Increase	**$ 50.8**	**$ 4.6**
Increase health care inflation	Increase	**$ 30.0**	**$ 1.6**

16. EMPLOYEE FUTURE BENEFITS

Public Service Pension Plan

The Commission's contributions to the Public Service Pension Plan of $1,679,600 [2012 - $1,790,800] are included in administration expenses and have been expensed as incurred.

Severance payments and annual leave

The Commission provides a severance payment and a payment for accumulated annual leave balances to employees upon retirement, resignation or termination without cause. The weighted average time to expected benefit payment is 10.8 years. In 2013, cash payments to retirees for its unfunded employee future benefits amounted to $252,000 [2012 - $153,000].

The last actuarial valuation was performed effective December 31, 2012. The next actuarial valuation will be performed as at December 31, 2015.

(thousands of dollars)	**2013**	2012
Accrued benefit obligation, beginning of year	**$ 5,905**	$ 5,177
Current service cost	**403**	391
Interest cost	**232**	242
Actuarial (gain) loss	**(461)**	248
	6,079	6,058
Benefits paid	**(252)**	(153)
Accrued benefit obligation, end of year	**$ 5,827**	$ 5,905

The significant actuarial assumptions used in measuring the accrued benefit obligation and benefit expense are as follows:

	2013	**2012**
Discount rate – benefit cost	**3.75%**	4.50%
Discount rate – accrued benefit obligation	**4.50%**	3.75%
Rate of compensation increase	**3.00%**	3.00%

16. EMPLOYEE FUTURE BENEFITS (continued)

The table below shows the sensitivities of the benefit obligation to a 0.25% change in the key assumptions:

(thousands of dollars)	**Increase**	**Decrease**
Discount Rate	**$ (147)**	**$ 153**
Rate of compensation increase	**$ 155**	**$ (150)**

17. ADMINISTRATION

(thousands of dollars)	**2013**	2012
		[restated - see Note 4]
Salaries and employee benefits	**$ 27,758**	$ 28,216
Office and communications	**2,831**	2,602
Professional fees	**1,573**	1,325
Building operations	**932**	891
Travel and vehicle operating	**546**	587
	$ 33,640	$ 33,621

18. LEGISLATED OBLIGATIONS

The Commission is required by legislation to fund the operating costs of the Occupational, Health and Safety Branch of Service NL in delivering their occupational health and safety mandate and all of the costs of the Workplace Health, Safety and Compensation Review Division and the Statutory Review. The Commission also reimburses the provincial government for a portion of the operating costs of the Department of Advanced Education and Skills and the Labour Relations Agency in respect of administering the Act. The Commission is required to fund the operating costs of the employer and worker advisor positions. Total expenses incurred by the Commission for legislated obligations are detailed below:

18. LEGISLATED OBLIGATIONS (continued)

(thousands of dollars)	**2013**	2012
Service NL, Advanced Education and Skills and Labour Relations Agency	**$ 5,019**	$ 5,634
Workplace Health, Safety and Compensation Review Division	**1,138**	1,053
Employer and Worker Advisors	**900**	740
Statutory Review on WHSCC	**757**	197
	$ 7,814	$ 7,624

19. OTHER EXPENSES

(thousands of dollars)	**2013**	2012
Sectoral advisors and grants	**$ 100**	$ 263
Business improvement projects	**85**	329
	$ 185	$ 592

20. RESERVES

As provided by legislation, the Commission maintains a reserve for funding studies, projects and research relating to the enhancement of occupational health and safety in the workplace. During 2013, no amount was charged to the reserve [2012 - $10,000].

21. RELATED PARTY TRANSACTIONS

These financial statements include amounts resulting from normal operating transactions with various provincial government departments, agencies, and Crown corporations with which the Commission may be considered related. The provincial government is also a self-insured employer, and account balances resulting from these transactions are included in the financial statements and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

21. RELATED PARTY TRANSACTIONS (continued)

The amounts included in Note 23 and on the statement of operations for the Province of Newfoundland and Labrador are as follows:

(thousands of dollars)	**2013**	2012
Claims costs	**$ 3,600**	$ 3,565
Administration	**498**	509
Revenue	**$ 4,098**	$ 4,074

The Commission has identified the Board of Directors and Senior Management team as related parties. The Senior Management team includes the CEO, CFIO, Executive Directors and four other Senior Staff members. Salary and benefits related to these parties is shown below:

(thousands of dollars)		**2013**		2012
	Number	**Total**	Number	Total
Board of Directors	**9**	**$ 105**	9	$ 131
Senior Management	**9**	**$ 1,293**	9	$ 1,318

22. INDUSTRY LEVY

The Commission has levied a surcharge of $0.10 per $100 of payroll on employers in the construction sector to fund a portion of the operating costs of safety and health training programs conducted by the Newfoundland and Labrador Construction Safety Association. The amounts collected on behalf of the association totaled $1,533,000 [2012 - $1,153,000] and are not included in the statement of operations.

23. SELF-INSURED EMPLOYERS

The financial statements include the effects of transactions carried out for self-insured employers, principally federal and provincial government bodies, who directly bear the costs of their own incurred claims and a share of administration costs. The claims costs and administrative expenses included in assessments revenue on the statement of operations are as follows:

23. SELF-INSURED EMPLOYERS (continued)

(thousands of dollars)	**2013**	2012
Claims costs incurred:		
Short-term disability	**$ 1,026**	$ 1,286
Long-term disability	**3,870**	3,730
Survivor benefits	**464**	472
Health Care	**2,691**	2,889
Administration charges	**1,800**	2,402
Revenue from self-insured employers	**$ 9,851**	$ 10,779

The benefit liabilities related to self-insured employers have not been included in the benefits liabilities account, as these liabilities will be borne by those employers when paid in future years.

24. COMMITMENTS

The Commission has committed to operating lease payments for office premises and equipment for the years 2014 to 2018 in the amount of $241,000 annually.

25. CAPITAL MANAGEMENT

The objective of the Commission's long-term financial strategy is to maintain a funded position that will provide for the security of benefits promised to injured workers within employers' reasonable ability to pay assessments. The Commission's funded position is defined by the relationship of total assets to total liabilities and the Injury Fund is fully funded when the total assets equal or exceed total liabilities. At December 31, 2013 the funded ratio was 106.6% (2012 – 91.7%). The Fund balance consists of accumulated net operating surplus, accumulated other comprehensive income and the occupational health, safety and research reserve.

The Board of Directors has established a funding target of total assets equal to 110% of total liabilities. When the funded ratio is less than 100%, the Commission will adjust assessment rates paid by employers over a fifteen-year period to achieve the funding target. The Commission's assessment rates for 2012 and 2013 included an upward adjustment of $0.25 per $100 of payroll. This adjustment will be retained until the 110% funding target is reached.

25. CAPITAL MANAGEMENT (continued)

Funded Position

(thousands of dollars)	**2013**	2012
Total assets	**$1,081,489**	$ 910,044
Less: Total liabilities	**1,014,346**	991,837
Funded position	**$ 67,143**	$ (81,793)
Reserves	**$ 550**	$ 550
Funded ratio	**106.6%**	91.7%

26. COMPARATIVE FIGURES

The comparative figures have been reclassified to conform to the 2013 financial statement presentation including office and communications and professional fees.

FIVE YEAR HISTORY DECEMBER 31, 2013

2013 ANNUAL PERFORMANCE REPORT

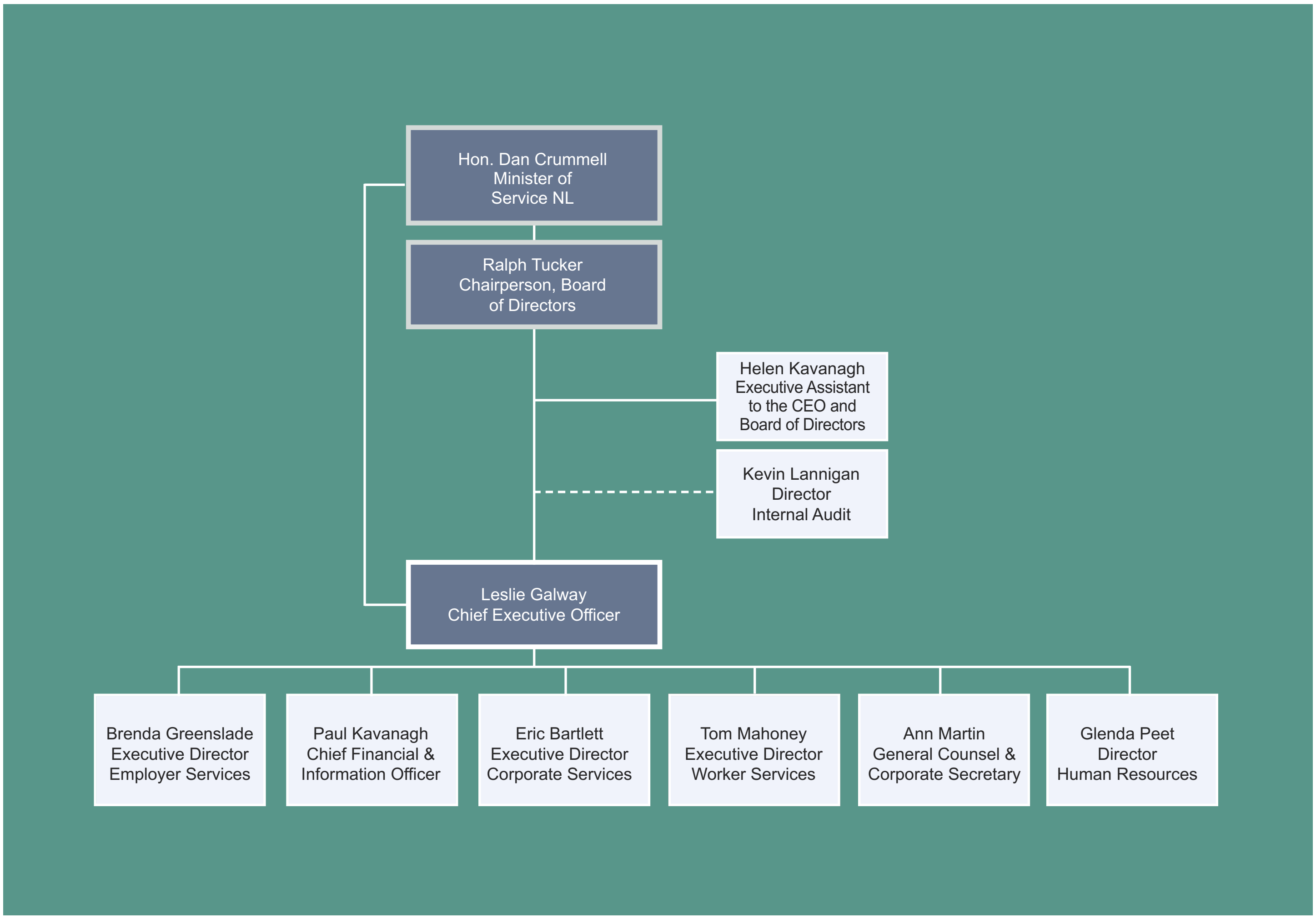
Statement of Operations and Fund Balance for the Years Ending December 31

(thousands of dollars)	2013	2012	2011	2010	2009 *
		[restated]			
Revenue					
Assessments	**$ 201,148**	$ 197,488	$ 188,367	$ 166,220	$ 160,582
Investment income (loss)	**140,131**	82,634	(11,602)	65,217	18,205
Third-party recoveries	**1,123**	838	1,049	1,080	4,372
	342,402	280,960	177,814	232,517	183,159
Expenses					
Claims costs incurred	**155,953**	216,600	154,089	148,999	156,333
Administration	**33,640**	33,621	32,543	30,170	27,340
Legislated obligations	**7,814**	7,624	6,952	6,649	6,588
Amortization	**2,931**	2,664	2,491	2,179	2,555
Fee and interest	**3,880**	3,749	3,245	2,627	3,431
Actuarial adjustments	**(10,476)**	26,015	(1,245)	(12,458)	(6,725)
Other	**185**	592	1,520	1,258	1,787
	193,927	290,865	199,595	179,424	191,309
Surplus (Deficit) for the year	**148,475**	(9,905)	(21,781)	53,093	(8,150)
Fund deficiency, beginning of year	**(82,343)**	(72,190)	(50,409)	(103,502)	(188,756)
Reserve balance, beginning of year	**550**	560	640	815	839
Total fund deficiency, beginning of year	**(81,793)**	(71,630)	(49,769)	(102,687)	(187,917)
Surplus (Deficit) for the year	**148,475**	(9,905)	(21,781)	53,093	(8,150)
Appropriation of reserve fund	**-**	(10)	(80)	(175)	(24)
Other comprehensive income (loss)	**461**	(248)	-	-	90,212
Total fund balance, end of year	**$ 67,143**	$ (81,793)	$ (71,630)	$ (49,769)	$ (105,879)

* 2009 presented under Canadian GAAP, 2010 – 2013 presented under IFRS

ORGANIZATIONAL CHART

Moving Forward from a Position of Strength



Workplace Health, Safety and Compensation Commission

St. John's Office
146-148 Forest Road, P.O. Box 9000, St. John's, NL A1A 3B8
Telephone (709) 778-1000 Fax (709) 738-1714 Toll Free 1-800-563-9000

Grand Falls-Windsor Office
26 High Street, P.O. Box 850, Grand Falls-Windsor, NL A2A 2P7
Telephone (709) 489-1600 Fax (709) 489-1616 Toll Free 1-800-563-3448

Corner Brook Office
Suite 201B, Millbrook Mall, 2 Herald Avenue, P.O. Box 474, Corner Brook, NL A2H 6E6
Telephone (709) 637-2700 Fax (709) 639-1018 Toll Free 1-800-563-2772