



# **Newfoundland & Labrador workplaces rose to the challenge and reduced the provincial lost-time incidence rate to the lowest level it has ever been.**

In 2015, 92.4 per cent of employers were injury-free compared to 90.9 per cent in 2011.



This is to certify that in the Trade-marks Journal dated February 03, 2016, the Registrar of Trade-marks gave public notice under subparagraph 9(1)(n)(iii) of the Trade-marks Act of the adoption and use in Canada by the public authority identified above as an official mark for goods and services.



**118.8%**  
Funded Ratio  
2015

**1.5**  
Lost-Time Injury  
Rate/100 2015

**1.2B**  
Injury Fund  
2015

**92.4%**  
Injury Free  
Employers 2015

In September 2015, the Workplace Health, Safety and Compensation Commission shortened its trade name to WorkplaceNL. While all previous annual reports and the strategic plan refer to 'the Commission', all references in this report will be to WorkplaceNL.

## Table of Contents

### SECTIONS

- |   |   |
|---|---|
| <b>01</b> Letter to the Minister  | <b>07</b> Highlights & Accomplishments                              |
| <b>02</b> Messages from Elizabeth Forward, Director on behalf of the Board of Directors, WorkplaceNL, and Leslie Galway, CEO, WorkplaceNL | <b>09</b> Key Statistics  |
| <b>03</b> WorkplaceNL Board of Directors/<br>At a Glance 2015   | <b>11</b> Report on Performance –<br>2015 Objectives and Indicators |
| <b>04</b> Overview  | <b>27</b> Opportunities & Challenges                                |
| <b>05</b> Shared Commitments  | <b>29</b> Management Discussion & Analysis                          |
|   | <b>42</b> 2015 Financial Statements                                 |
|   | <b>74</b> WorkplaceNL Organizational Chart                          |

## Letter to the Minister

**The Honourable Eddie Joyce**  
Minister Responsible for WorkplaceNL

**Dear Minister Joyce:**

On behalf of the Board of Directors for WorkplaceNL, I hereby submit the 2015 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 WorkplaceNL's 2015 objectives. 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*.

My signature below is indicative of the board's accountability for the preparation of WorkplaceNL's Annual Performance Report 2015 and the achievement of the objectives as reported.



**Elizabeth Forward**

Director on behalf of the Board of Directors  
WorkplaceNL

**April 8, 2016**

## Together, we've built a sustainable workplace injury compensation system for both workers and employers



Our Board of Directors is committed to a balanced approach to governing WorkplaceNL, so that we maintain a sustainable workplace injury compensation system for both workers and employers.

Our system has had a remarkable turnaround, from near bankruptcy in 2000 to a fully-funded injury fund today. The injury fund is now

\$1.2 billion, the highest it has ever been, and 118.8 per cent funded, exceeding the 110 per cent target.

In October 2015, we announced the removal of the \$0.25 surcharge effective January 1, 2016. Employers have been paying this surcharge in their assessment rates to cover past unfunded liabilities. We are also proud to continue to offer the highest maximum wage-loss benefits for injured workers in Atlantic Canada. This benefits both employers and injured workers in our province.

I'd like to thank our stakeholders, the Newfoundland and Labrador Federation of Labour and the Newfoundland and Labrador

Employers' Council, who worked with us and agreed on a funding policy in 2009. This provides a structured system to address issues impacting the long-term financial health of the system.

On behalf of the Board of Directors, I'd like to acknowledge the contributions of Ralph Tucker during his 10 years serving as Chairperson of WorkplaceNL. During that time, WorkplaceNL made great strides in its financial position, and in helping the province develop a strong safety culture.

I'd also like to thank the Board of Directors, management and staff of WorkplaceNL for their ongoing commitment to the workers and employers in our province.

As well, I offer a big thank-you to our partners and CEO Safety Charter members for helping to reduce workplace injuries and illnesses.

**Elizabeth Forward**  
Director on behalf of the Board of Directors  
WorkplaceNL

## Together, we are making workplaces in Newfoundland and Labrador the safest they have ever been



Together, we rose to the challenge and reduced the provincial lost-time incidence rate to the lowest it has ever been, 1.5 per 100 workers. We issued that challenge last year when the rate stalled for the third consecutive year.

WorkplaceNL entered 2015 with a renewed client service focus, and delivered innovative programs that empower both employers and workers to create safe workplaces.

We shortened our name to WorkplaceNL to help our clients better remember us. We continued to provide high quality service, with 92 per cent of injured workers agreeing that our overall quality of service improved or stayed the same, and 84 per cent of employers satisfied with our service.

We focused on building stronger Occupational Health and Safety Committees in the province with a revised training standard, effective July 1, 2015.

Our new Certification Training Registry brings workers' training certificates online, and provides quick access to required safety training courses from WorkplaceNL-approved training providers across the province.

We worked with the Department of Education and Early Childhood Development to develop curriculum and Canada's first OHS textbook for the new OHS 3203 high school course, launched in September 2015. Over 1,200 students across the province will soon enter the workforce with greater safety awareness.

We look forward to continuing to innovate, and remain focused on the three new E's of safety: empathy, empowerment and engagement. We continue to work with our partners on programs that help everyone to actively make a difference.

On behalf of WorkplaceNL, I'd like to thank workers, employers, stakeholders and safety associations for rising to the challenge to reduce workplace injuries. I also owe gratitude to our staff who remain committed to improving services for our clients.

Our ongoing challenge is to bring even more workers home safe and healthy. Together, we must work towards the goal of eliminating workplace injuries and illnesses, for the benefit of workers, their families, employers and communities.

**Leslie Galway**  
CEO, WorkplaceNL

## Board of Directors

### Chairperson

Vacant

By statute, the Board of Directors consists of 10 members appointed by the Government of Newfoundland and Labrador, including the chairperson and representatives of employers, workers and the public. The Board is also required to have two non-voting members: the chief executive officer of WorkplaceNL and an employee of the department designated by the Minister.

### Worker Representatives

Grant Barnes  
Dawn Learning  
Greg Pretty

### Employer Representatives

John Peddle  
Darren Roberts  
Gregory Viscount

### Public Representatives

Thomas Bugden  
Elizabeth Forward  
Patsy S. Coish-Snow

### Ex-Officio Members

Leslie Galway, Chief Executive Officer, WorkplaceNL

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

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

Ray Smallwood  
Natasha Trainor  
William Holden

## At a Glance

	2015	2014	2013	2012	2011
<b>Incidence Rate<sup>1</sup></b>	1.5*	1.6*	1.6*	1.6*	1.8
<b>Soft-tissue Incidence Rate</b>	1.0*	1.1*	1.1*	1.1*	1.2
<b>Short-term Disability Claims<sup>2</sup></b>	3,544*	3,805*	3,749*	3,742*	4,070
<b>Health Care Only Claims<sup>2</sup></b>	1,387*	1,589*	1,667*	1,768*	1,959
<b>Accepted Fatality Claims<sup>3</sup></b>	24	29	30	26	33
<b>Accidents</b>	7	11	5	6	6
<b>Occupational Disease</b>	17	18	25	20	27
<b>Short-term Claims Duration<sup>4</sup></b>	37	38	38	39	39
<b>Average Assessment Rate<sup>5</sup></b>	2.45	2.45	2.75	2.75	2.75
<b>Registered Employer Accounts</b>	19,144	19,416	19,449	19,135	18,291
<b>Employer Assessments (\$ million)</b>	206.3	180.1	201.1	197.5	188.4
<b>Claims Costs (\$ million)<sup>6</sup></b>	161.8	167.3	161.6	225.0	158.8
<b>Fund Balance (\$ million)</b>	206.5	129.8	67.1	(81.8)	(71.6)
<b>Funded Ratio (%)</b>	118.8	112.0	106.5	91.7	91.8

\*Based on projections

- Number of lost-time claims per 100 workers employed.
- 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.
- Accepted fatality claims are the total number of fatalities that were accepted in that calendar year.
- 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.
- Average assessment rate is the rate actually charged per \$100 of payroll.
- Claims costs includes current year payments plus expected future payments for all injuries occurring and accepted in the year, excluding actuarial adjustments. Claims costs have been restated for 2011 to 2014 due to changes in accounting for Future Administrative Expenses.

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

## Overview

### Mandate

WorkplaceNL 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. WorkplaceNL 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, WorkplaceNL must also ensure adequate funding for services through sound financial management.

### Values

**Client Service** Each individual will provide accessible and timely service in the delivery of WorkplaceNL'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.

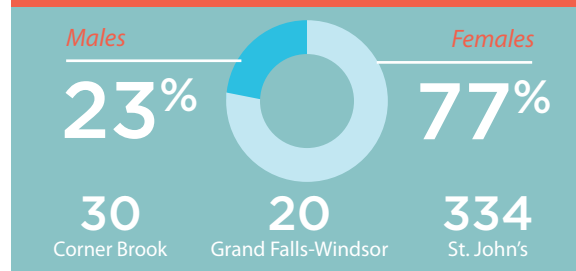
**Compassion** Each individual will treat each other and those they serve truthfully, fairly and with care and empathy.

**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 WorkplaceNL fulfills its mandate.

**Accountability** Each individual will be responsible for their actions and performance to help WorkplaceNL achieve its mandate.

### Breakdown of WorkplaceNL positions:



Region	Female	Male	Vacancy	Total
Corner Brook	19	7	4	30
Grand Falls	14	4	2	20
St. John's	243	72	19	334
Total	276	83	25	384

### Vision

*The vision of WorkplaceNL 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, WorkplaceNL will have improved client service to support the prevention and management of workplace injuries, illnesses and known occupational disease.*

### Lines of Business

WorkplaceNL has three lines of business:

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

Please refer to WorkplaceNL's 2014-2016 Strategic Plan at [workplacenl.ca](http://workplacenl.ca) for more detail on the Lines of Business.

### Functional Areas

WorkplaceNL'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 and client services; human resources; internal audit; legal and investigations; and policy, research and internal review.
- Financial Services – finance and information technology services.

## Shared Commitments

### Safety is everyone's responsibility

WorkplaceNL continues to work closely with its partners and the community to create an awareness of safety and improve how it delivers services to injured workers and employers.



*"We understand that WorkplaceNL staff, and all workers in the province, come to work each day as a 'whole person'. We design both our human resource and workplace safety awareness programs to support a safe, physically fit and mentally healthy workplace."*

*- Leslie Galway, CEO, WorkplaceNL*

### New, high school OHS 3203 course

In partnership with the Department of Education and Early Childhood Development, WorkplaceNL has developed curriculum and Canada's first occupational health and safety (OHS) textbook specifically designed for high schools. Starting in September 2015, over 1,200 students enrolled in the new course, OHS 3203.



*WorkplaceNL has authored the textbook, Building a Safer Tomorrow, to help students become more aware of occupational health and safety, the rights and responsibilities of workers, and ways to reduce common risks in the workplace.*

Students completing the course will be certified in emergency first aid, cardiopulmonary resuscitation (CPR), the use of an automated external defibrillator (AED) and as an OHS Committee member. They also receive Workplace Hazardous Materials Information System (WHMIS) training. These students will enter the workforce safety aware, and have a strong foundation that will serve them throughout their career.

### Understanding Changes Everything Workplace Partnership Program

WorkplaceNL has proudly partnered with other community leaders in the Government of Newfoundland and Labrador's Understanding Changes Everything Workplace Partnership Program in supporting employees living with mental illness and addiction. Mental health affects one in five people, possibly you or colleagues who work alongside you every day. Community leaders have joined together to decrease the stigma associated with mental illness and addictions in the workplace and beyond.



As a partner, WorkplaceNL commits to:

1. Ensure all employees are aware of our confidential Employee Assistance Program.
2. Train employees in The Working Mind, a program which teaches individuals to recognize mental health and addictions issues within themselves and others.
3. Have return to work programs in place for employees that leave due to mental illness or addiction, as with any illness.
4. Provide a healthy work environment, including a healthy work-life balance and setting clear, reasonable expectations.



## Mental health affects one in five people

### Partnering to prevent electrical contacts

WorkplaceNL continues to partner with Newfoundland Power, Newfoundland and Labrador Hydro (Hydro), Bell Aliant, the Newfoundland and Labrador Construction Safety Association (NLCSA), Service NL, the Canadian Home Builders' Association-Newfoundland and Labrador, Operating Engineers College, and the Heavy Civil Association of Newfoundland and Labrador on an Electrical Contact Prevention Working Group.



In September, the working group publicly expressed major concern over the number of contacts with electrical equipment and infrastructure, a serious issue with the potential for serious injury or death. In a two-year period, Newfoundland Power and Hydro recorded more than 120 public incidents, the majority of which involved contractors using equipment such as booms, cranes, heavy equipment, trucks, and ladders.

WorkplaceNL manages the certification training standard for power line hazards. On behalf of the working group, WorkplaceNL reminds contractors and the general public that working around electricity requires their complete and undivided attention. Incidents can be prevented with proper planning, worksite evaluation and adhering to safe distances.

### Stakeholder partnerships support injured workers and employers

WorkplaceNL continues to work closely with its primary stakeholders, the Newfoundland and Labrador Employers' Council (NLEC) and the Newfoundland and Labrador Federation of Labour (NLFL). WorkplaceNL regularly seeks feedback from both groups on policy matters and strategic plans, so that our programs and services are suited for employers and injured workers.

## Highlights & Accomplishments

### Focusing on the needs of both injured workers and employers

WorkplaceNL continues to focus on the needs of both injured workers and employers, launching innovative programs to engage people at all levels to create safer workplaces.



### Shorter, easier to remember name

The organization launched the new name WorkplaceNL in September 2015. Shorter and easier to remember, the name WorkplaceNL encompasses all parties involved in the employer-funded system that promotes safe and healthy workplaces, provides return to work programs and compensates injured workers.

Full implementation is expected to take at least 12 months, using a phased-in, cost-conscious approach. WorkplaceNL is focusing first on items that our clients use the most, and aims to exhaust our current inventories of materials before printing new versions.



*Workers' training certificates are going online*

### Workers' safety certificates are going online

In October 2015, WorkplaceNL launched the first-of-its kind, online, multi-stakeholder Certification Training Registry (CTR) in Newfoundland and Labrador. Now, workers, employers and OHS Officers can access up-to-date training records through a smartphone or any web-enabled device to ensure that a workplace is compliant with OHS requirements.

Within three years, there will be no need for paper certificates. As the estimated 170,000 existing paper certificates expire, workers successfully completing training will receive an electronic training record.

Anyone can search the CTR's online marketplace for a listing of WorkplaceNL-approved trainers for mandatory safety training for the following certification training standards: OHS Committee, confined space entry, fall protection, traffic control person, power line hazards, mine rescue and diving. First aid will be available in the CTR in 2016.



*An engaged OHS Committee helps keep you safe at work.*

**Building strong OHS Committees**

Newfoundland and Labrador has over 4,500 registered OHS Committees. An OHS Committee is positioned in the workplace and is in the best position to influence OHS performance. Trained committee members knowledgeable of OHS responsibilities and obligations, enhance safe and healthy workplaces.

Based on feedback from industry, training providers and safety associations, WorkplaceNL revised the Certification Training Standard for OHS Committee and Worker Health and Safety Representative/ Designates (WHSR/Ds), effective July 1, 2015.

The new training program is shorter, condensed into one program for both OHS Committees and WHSR/Ds, and has a mandatory three-year renewal. Recertification will be phased in by July 2018. The curriculum now reflects new legislation, examines case studies and includes a hands-on, mock committee meeting to give participants practical examples and experience to bring to their workplaces. The training is now available province-wide from over 95 training providers. OHS Committee members, WHSR/Ds, workers and employers can go to the training marketplace to book certification training: [ctr.bluedrop.io](http://ctr.bluedrop.io)

**Secure financial position**

WorkplaceNL’s financial position remains strong. The injury fund (investments), which provides security for injured workers’ benefits within employers’ reasonable ability to pay, has increased from \$1.1 billion in 2014 to \$1.2 billion in 2015, its highest ever. WorkplaceNL’s rate of return was 6.8 per cent (versus 11.6 per cent in 2014) and above the target of 6.1 per cent.

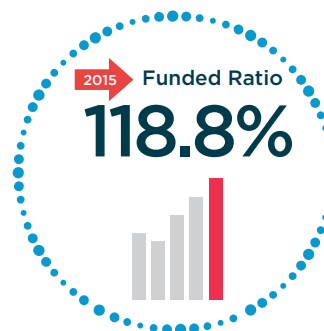
The funded position (percentage of assets available to fund total liabilities) has also increased from 112 per cent for 2014 to 118.8 per cent in 2015.

**Lower assessment rates**

In October 2015, WorkplaceNL announced a reduction in the average assessment rate charged to employers to \$2.20, effective January 1, 2016. This is due to the removal of the \$0.25 surcharge that employers paid to cover past unfunded liabilities in the workers’ compensation system.



WorkplaceNL follows a prudent stakeholder-agreed funding policy which sets a funded target of 110 per cent. At the end of 2014, the funded position of 112 per cent exceeded that target for the first time, therefore the surcharge could be removed.



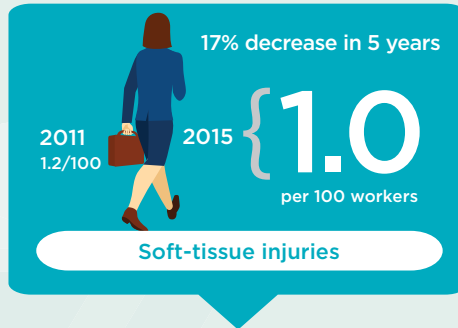
Effective January 1, 2016, the maximum compensable and assessable earnings was increased from \$61,615 to \$62,540, an increase of 1.5 per cent based on the Consumer Price Index.

# Key Statistics

After stalling for three years, lost-time incidence rate drops to all-time low in 2015 to 1.5/100 workers.



2015 rate drops to 1.5/100 workers



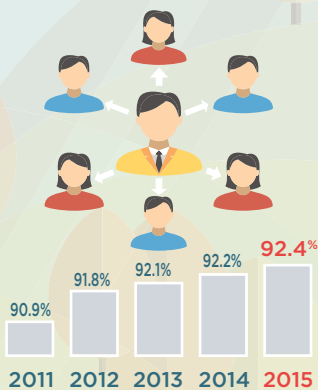
2015 rate drops to 1.0/100 workers



of workplace injuries are soft-tissue related

The lost-time incidence (LTI) rate is a standard measure of workplace safety for all workers' compensation systems in Canada. It represents the number of injured workers, per 100 workers in the workplace, who missed time from work due to a workplace incident.

Workplaces in Newfoundland and Labrador are the safest they have ever been.



% injury-free employers



2015 rate drops to 1.4/100 workers



of workplace injuries are from young workers

Of concern, violence in the workplace is on the rise.

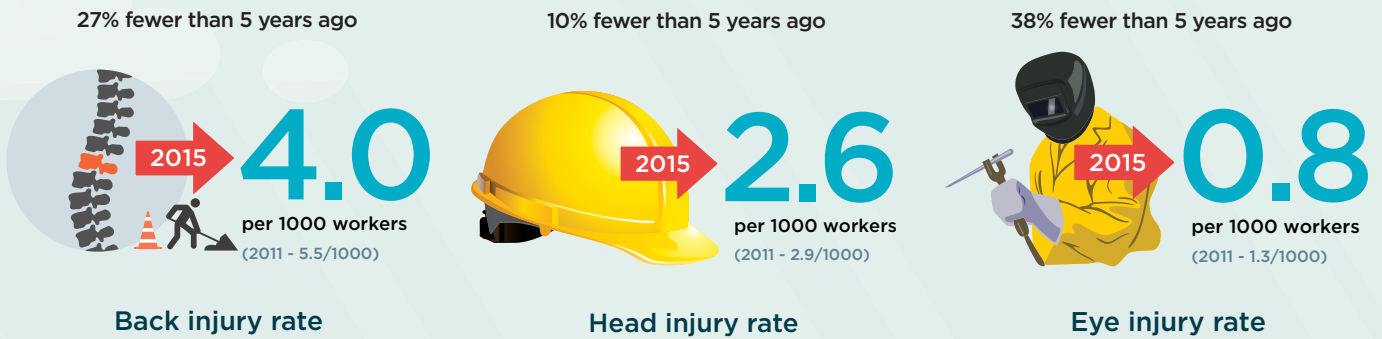


## How are we getting hurt?

Three types of workplace incidents account for 90% of all incidents in the past 5 years.



## Some injuries are declining.



## Serious injuries remain a focus area including fall from heights.



3% fewer than 5 years ago

Serious injuries change lives forever, and can be devastating on the worker, their family and their community.



15% decrease in 5 years



## Report on Performance: 2015 Objectives and Indicators

The Report on Performance highlights the four strategic issues representing the key priorities for WorkplaceNL and the results achieved in 2015. Performance information is provided for the objectives.

The strategic issues were identified in consideration of government’s strategic direction, WorkplaceNL’s mandate and available resources. 2015 results support the achievement of our mission as well as government’s strategic direction of enhanced program and service delivery through streamlined operations and improved access.



*Strategic Issue 1:*

### Client Service – Fostering a client centred culture

**Goal:** By December 31, 2016, WorkplaceNL will have improved client service.

**Objective:** By December 31, 2015, WorkplaceNL will have completed a review of and improved key processes for client service delivery.

**Measure:** Completed a review of and improved key processes for client service delivery.

WorkplaceNL has been able to contribute to government’s strategic direction of enhanced program and service delivery through the implementation of its client service strategy. This supports enhanced customer service capacity, improved client services and the identification and development of online service projects. WorkplaceNL’s client service strategy provides a framework for a multi-phased, organization-wide approach to service delivery involving people, programs and processes. The strategy outlines eight elements requiring focus to move towards a client-first culture: leadership, human resources and training, corporate security, information technology and web services, continuous planning for improvement, service standards and consistency, communication, and complaints resolution systems. This comprehensive strategy requires a multi-year approach to ensure existing service levels are preserved for injured workers and employers while changes are made. In 2015, WorkplaceNL moved towards fulfilling its goal of improved client service through continued implementation of key processes and elements of the strategy. Evaluations were completed through a number of mechanisms to identify client service delivery improvements for implementation in 2015. Details of these improvements are provided in this Report on Performance.

Results of the 2015 client satisfaction surveys provide evidence that WorkplaceNL is providing high quality services to its injured workers and employers. The injured worker service index score increased 1.4 per cent from 76 in 2013 to 77.1 at the end of 2015. Highlights include: 92 per cent of injured workers indicate that the overall

<b>Injured Workers:</b>	<b>2015</b>	<b>2014</b>
Service index points	<b>77.1</b>	<b>76.5</b>
Quality of service has improved or stayed the same	<b>92%</b>	<b>92%</b>
Satisfied with the amount of information received	<b>77%</b>	<b>73%</b>
Satisfied with their WorkplaceNL contacts	<b>74%</b>	<b>71%</b>
<b>Employers:</b>		
Service index points	<b>76.3</b>	<b>74.2</b>
Satisfied with overall quality of service	<b>84%</b>	<b>82%</b>
WorkplaceNL followed through on its commitments	<b>90%</b>	<b>N/A *</b>
Completely or mostly satisfied with the overall WorkplaceNL experience	<b>81%</b>	<b>76%</b>

\*Information not available

quality of service has improved or stayed the same; 77 per cent are satisfied with the amount of information they received about their claims, up from 73 per cent in 2014; and 74 per cent are satisfied with their WorkplaceNL contacts over the past year, up from 71 per cent in 2014. Improvements in the ability to answer questions and explain benefits, involvement, and promptness of service were also noted by injured workers since 2014. The employer service index score also increased, moving 2.6 per cent from 74.4 in 2013 to 76.3 at the end of 2015. Highlights include: 84 per cent of employers are satisfied with the overall quality of service, up from 82 per cent in 2014; 90 per cent indicate that WorkplaceNL followed through on its commitments to employers; and 81 per cent are completely or mostly satisfied with the overall WorkplaceNL experience, up from 76 per cent in 2014. Employers also noted improvements in the ability to answer questions, reporting, usefulness and ease of understanding information and claims processing since 2014.

**Indicator:**

Ensured continuous improvement in service excellence by using evaluation results to identify and improve service delivery.

WorkplaceNL ensured continuous improvement in service excellence in 2015 by using evaluation results to identify service delivery improvements. WorkplaceNL engages those most responsible for, and impacted by, WorkplaceNL's programs and services: its employees and its clients. Feedback from client satisfaction and employee engagement survey results, and evaluations of programs and services were used to identify service improvements. Quality assurance evaluations identified improvements to service delivery mechanisms, solved process problems and identified ways to work more efficiently.

Additional opportunities to do things better and more efficiently were identified by examining the results of the client segmentation study, work and system processes as part of information technology changes, and business process reviews of key processes. An organization-wide process review was finalized in 2015 and a prioritized action plan was developed to identify service delivery improvements. While improvements have been made in all elements of the client service strategy, the following outlines the service delivery improvements in 2015.

**Leadership**

- An internal, inter-departmental client service working group developed quick reference 'questions and answers' documentation (Q&As) for all front-line employees to respond to frequently asked questions from injured workers and employers. These Q&As ensure

consistency and clarity of communications and assist answering questions at the first point of contact with WorkplaceNL.

- Accountability sessions were also held with the leadership team to enhance internal and external communications and interactions. Accountability is a core value of WorkplaceNL and a critical element for the organization in delivering on its service promise and commitments to injured workers and employers. The accountability session focussed on enhancing leadership skills in setting and communicating expectations in client service delivery, as well as growth in personal accountability. The sessions will contribute to creating and sustaining a client-first culture as well as support continued gains in WorkplaceNL performance.



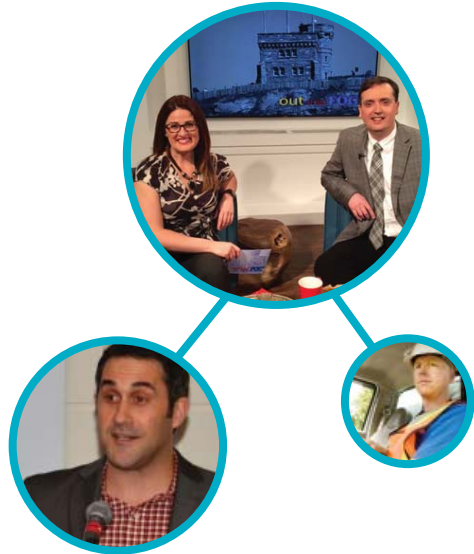
**Human resources staffing and training**

- Client service excellence training was delivered to WorkplaceNL employees. Employees have the necessary training to develop skills and knowledge to serve clients more effectively, timely, collaboratively and with compassion, in keeping with WorkplaceNL core values.
- Following a quality assurance review of data entry functions, training was delivered regarding the optimal use of software designed to reduce keystroke volume and improve productivity for timely processing of information used in decision making on claims.
- As a result of employer feedback, ‘use of email’ guidelines and training was developed for employees to communicate with employers on prevention and assessment issues while complying with privacy requirements. Prior to this change email was not used for communicating with employers.

**Corporate security**

- As a part of WorkplaceNL’s commitment to corporate security and safety, customized refresher training of a workplace violence prevention program was delivered to all employees. This training is based on best practices in violence prevention and enhances the safety of employees and visitors by reducing the risk of workplace violence. The training provides WorkplaceNL employees with practical and realistic skills to effectively handle an incident before it escalates.





**Information technology/web services**

- As part of the strategic investment in claims management, a new application was developed for the entitlement area to eliminate processing inefficiencies identified through process reviews in 2015. The changes help expedite decision making and ensure timely payment to injured workers through more streamlined workflows, greater consistency in processing and by making it easier for staff to record, review and verify claim related data. The changes also improved client communications by eliminating duplicate and redundant letters and clarifying letter content.
- A new product invoicing service was introduced online for vendors in consideration of the client segmentation study results. The survey identified the preferences of different client segments, such as vendors, to deal with WorkplaceNL online.
- As a result of employer feedback, improvements were identified to make online services easier to use for large employers with multiple roles involved in completing injury reporting forms and ESRTW plans. A cross functional team approach was also developed to support employers in adopting these online services. Larger employers with higher claim volumes are the initial focus.
- In follow up to the 2014 implementation of the new ESRTW online service, management reporting was developed to support outreach efforts and ensure clients receive appropriate and timely ESRTW services.
- In keeping with WorkplaceNL’s ongoing commitment to privacy, a review was completed and changes were made to strengthen the security of the online services consistent with the ever-changing requirements and best practices related to privacy and online security.
- A new, online Certification Training Registry was developed and implemented for all workers, employers as well as WorkplaceNL training providers and trainers in Newfoundland and Labrador. Workers’ records for required safety and training are now electronic instead of paper-based. Workers, employers and OHS Officers can access up-to-date certification training records through a smartphone or any web-enabled device, allowing better compliance with OHS legislation as well as worker and employer monitoring of expiry dates on required training.

**Continuous planning for improvement**

- Recognizing that its clients may have challenges as a result of workplace injuries, WorkplaceNL adopted a Service Without



Barriers approach in 2011. WorkplaceNL works with community partners to better understand the needs of WorkplaceNL clients and implement practical solutions to provide appropriate client service based on their particular challenge. In 2015, WorkplaceNL worked with the Independent Living Resource Centre (ILRC), the Canadian Mental Health Association (CMHA), and the Coalition of Persons with Disabilities Newfoundland and Labrador (COD-NL). Members of the ILRC evaluated WorkplaceNL's website to identify ways to increase accessibility features. Results of this evaluation are being considered in website changes to help remove accessibility issues clients may experience when accessing services through the site. In 2015, WorkplaceNL worked with the CMHA to evaluate ways to better deliver services. Evaluation results identified mental health training as a way to improve service delivery for WorkplaceNL clients. The CMHA delivered its Changing Minds education program to provide communication tools to help WorkplaceNL employees better understand mental illness. The training also helps remove the stigma associated with mental health illness and helps employees interact and better provide services to persons experiencing mental health issues. Discussions occurred with COD-NL to plan an accessibility audit and awareness training for front line employees to better service clients and the public living with a disability.

- Through its 4DX (Four Disciplines of Execution) program for organizational effectiveness, employees identified and implemented improvements in information and communications for injured workers and employers, turnaround times in decision making and internal processing, client contact interactions, and education and promotion of WorkplaceNL programs and services. These improvements were identified in consideration of client service survey results.

**Indicator:**

Aligned resources to improve service delivery.

To improve client service delivery and simplify internal reporting relationships, WorkplaceNL completed an organizational review and made organizational changes in 2015. A centralized Corporate and Client Services Department was created to establish ownership for the client service strategy and the programs that support, measure, assure and manage the improvements. The new structure and alignment of resources ensures a co-ordinated, consistent, integrated, organization-wide approach to service delivery and a client-first culture. The team is responsible for delivering the client service strategy, corporate strategic planning and reporting, and quality assurance. Team realignments were also made for long-term claims and short-term claims areas to realize client service improvements by bringing focus to the differing challenges associated with long and short-term claims.



**2016 Client Service Objective and Indicators**

- Objective: By December 31, 2016, WorkplaceNL will have operationalized key client service initiatives.
- Measure: Operationalized key client service initiatives.
- Indicator: Developed a new support model for WorkplaceNL's online services.
- Indicator: Identified opportunities to further strengthen WorkplaceNL's client-centred approach.



*Strategic Issue 2:*

**Claims Management – Facilitating recovery at work**

**Goal:** By December 31, 2016, WorkplaceNL will have improved the ESRTW program.

**Objective:** By December 31, 2015, WorkplaceNL will have improved education and awareness programs for injured workers, employers and health care providers.

**Measure:** Improved education and awareness programs.

Facilitating recovery at work and improving the ESRTW program continues to be a critical element in achieving WorkplaceNL's overall strategic direction of enhanced programs and service delivery. The ultimate goal is to reduce the amount of time an injured worker is away from the workplace in a cost-effective manner while maintaining benefits to which they are entitled. Providing timely decisions, wage-loss benefits and health care to injured workers are the foundations of facilitating recovery at work in an early and safe manner. WorkplaceNL continues to promote the ESRTW program and educate workplace parties on the nature of the self-reliant model and their roles and responsibilities as outlined in the Act. In 2015, WorkplaceNL improved education and awareness programs for injured workers, employers and health care providers by updating educational materials, and taking new and diverse approaches to improve ESRTW education efforts.

**Indicator:**

Implemented changes to ESRTW education and related materials for injured workers.

In 2015, a number of changes were made to ESRTW education and related materials for injured workers. An inventory was completed of all ESRTW materials available in print and online through the WorkplaceNL website. Materials were updated to be more user-friendly in consideration of plain language and regulatory reform considerations. Materials were also updated to ensure the information better reflects current practices and processes. To strengthen educational efforts, a refreshed ESRTW presentation was compiled. The presentation includes current information and messaging was developed involving the expertise of employees responsible for delivering the ESRTW program and related education. This material is now used at workshops, meetings, conventions, and other educational sessions to promote ESRTW and the benefits of



returning to work in an early and safe manner. An ESRTW booklet was revised to be used as part of the Prevention Workshop Series. A review of the Injured Workers Handbook was also completed and changes were made to ensure consistent language with the ESRTW booklet and other related educational material.

Quality assurance efforts for the ESRTW program included claim monitoring activities designed to ensure early intervention on new claims within 48 hours of acceptance, and tracking of an injured worker’s recovery as per the return to work hierarchy. Where progress is not occurring as expected for an injured worker, WorkplaceNL intervenes and provides claim-specific education to ensure roles and responsibilities and the return to work hierarchy is understood.

WorkplaceNL also implemented a new, multi-disciplinary team approach in 2015 to help educate employers about the benefits of filing injury reporting forms and ESRTW plans online. A team with expertise in ESRTW, prevention, account registrations and online services was assembled. The team offered additional assistance to targeted employers with high volumes of claims to provide the necessary assistance to move these employers online. Online filing offers employers a convenient method for timely submission of more complete and accurate data. This information is critical in resolving return to work issues, and is required for an injured worker’s early and safe return to work.

New hearing loss letters, a brochure and fact sheet were also updated in 2015 using plain language. This will make it easier for clients with hearing loss to navigate the system, file a claim and resolve return to work issues specific to these injuries.

Finally, WorkplaceNL developed strategies for the use of disability management guidelines by staff to help set expectations with injured workers and physicians. The disability management guidelines help case management employees educate injured workers about their injuries and recovery, set expectations and answer questions.

**Indicator:**

Improved ESRTW education for sector councils to encourage greater involvement in promoting and facilitating recovery at work.

WorkplaceNL supports the concept of industry sector councils as a means for industry to promote all aspects of occupational health and safety and return to work. Therefore, WorkplaceNL may provide development funding to assist interested parties to explore the feasibility of establishing a sector council in a given industry and/or funding to establish the sector council in Newfoundland and Labrador. WorkplaceNL targets workplaces in its ESRTW educational efforts to maximize the participation in and effectiveness of the program.



Engagement of the safety sector councils in the promotion and delivery of ESRTW training is encouraged as it enables meaningful discussion and resolution of industry-specific return to work issues and strategies for successful return to work outcomes. Work has been ongoing throughout 2015 to improve ESRTW education to encourage greater involvement of the safety sector councils in promoting and delivering training related to facilitating recovery at work. In addition to improvements made to ESRTW educational materials, WorkplaceNL offered additional educational supports to sector councils in 2015. ESRTW subject matter experts attended sector council meetings with the NLCSA and their sector advisors to educate and answer questions on return to work policies, documentation and related practices. The sector advisors subsequently coordinated and delivered ESRTW workshops to their members. WorkplaceNL employees with ESRTW expertise have opportunities to attend these workshops to promote the program and further strengthen the recovery at work message. These experts also attended a NLCSA conference to connect with its members, promote ESRTW and answer program specific questions. The sector councils have also been provided education on the role of WorkplaceNL's Return to Work Coordinator who is made available to support employers within the association in developing their return to work programs. Education on ESRTW and sector council roles was also delivered to the Forestry Safety Sector Council. Efforts are underway to create similar opportunities and strengthen ESRTW education with the municipalities, fish harvesting and forestry sector councils.

**Indicator:**

Worked with health care providers to encourage continuous improvement in service delivery.

Partnerships with health care providers continue to be a strategic focus for WorkplaceNL to encourage continuous improvement in service delivery to injured workers and improve knowledge of ESRTW for providers playing a critical role in an injured worker's return to work and recovery. In 2015, work was ongoing with health care liaison committees, oral and written communication and collaboration with the Memorial University of Newfoundland and Labrador (MUN) School of Medicine.

Site visits to health care providers were conducted to share ESRTW information. Specific attention is given to educating physicians on their role in ESRTW and providing advice on injured workers' recovery. Education was provided on how to complete injury reporting forms and the importance of providing accurate diagnoses, medical management strategies and functional information



for recovery at work efforts. Promotion of disability management guidelines and related resources is part of this discussion, in particular as it relates to healing times. An in-service was also delivered to emergency room physicians at a Clarenville hospital, and physicians in remote areas of the province. Contact was also made with the College of Physicians and Surgeons of Newfoundland and Labrador regarding input into information material they provide to new immigrant physicians, ensuring new physicians to the province are educated about ESRTW.

WorkplaceNL was involved with the undergraduate curriculum at the MUN School of Medicine, an advanced approach in Newfoundland and Labrador to ensure graduating physicians have knowledge and understanding of ESRTW and their role in facilitating recovery at work. Lectures were delivered to first and second year medical students on occupational medicine and included the involvement of Standardized Patients role playing as injured workers. Sessions were also conducted with post graduate family medicine residents. The areas of focus include the importance of taking a thorough and accurate occupational history, as well as identifying and managing risk factors that may pose as barriers to return to work. Transferring knowledge to future physicians about identifying and managing return to work barriers, which they can apply in practice, is significant given the critical role physicians play in an injured worker's recovery and return to work. Further work is planned for 2016 and preparations were well underway in 2015 for the new academic year.



**2016 Claims Management Objective and Indicators**

- Objective: By December 31, 2016, WorkplaceNL will have increased facilitation of ESRTW throughout the lifecycle of a claim.
- Measure: Increased facilitation of ESRTW.
- Indicator: Increased employer utilization of WorkplaceNL online services for the Employer Report of Injury (Form 7) and ESRTW Plan.
- Indicator: Worked with workplace parties to encourage continuous improvement in facilitating recovery at work.



Strategic Issue 3:

### Prevention – Leadership in prevention through collaboration

**Goal:** By December 31, 2016, WorkplaceNL will have implemented key elements of the 2015-2017 Prevention Strategy: Leadership in Prevention Through Collaboration.

**Objective:** By December 31, 2015, WorkplaceNL will have initiated implementation of the 2015-2017 Prevention Strategy: Leadership in Prevention Through Collaboration.

**Measure:** Initiated implementation of the 2015-2017 prevention strategy.

WorkplaceNL's 2012-2014 Prevention Strategy: Engagement to Action was a catalyst for change and ensured prevention programs were responsive to the needs of workers and employers. Through the strategy and the ongoing commitment by all stakeholders to strengthen the safety culture in Newfoundland and Labrador, another major milestone was reached in workplace safety. In 2015, the lost-time incidence rate dropped to 1.5 per 100 workers, the lowest point in over 60 years and a push past the plateau of 1.6 where the rate had remained stable since 2012. While this is a significant success, there are still many challenges to overcome to ensure every worker goes home safely at the end of their work day. The new 2015-2017 Prevention Strategy: Leadership in Prevention Through Collaboration brings a renewed focus to prevention efforts and encourages engagement and collaboration of safety leaders in the community. Work efforts will continue to contribute to workplace safety and the strategic direction of enhanced programs and services by targeting at risk populations through innovative educational and awareness initiatives, the development of new training standards and the engagement of sector councils. In 2015, WorkplaceNL initiated implementation of the new strategy.

#### Indicator:

Delivered educational and awareness initiatives to address health and safety priorities as outlined in the 2015-2017 Prevention Strategy.

In 2015, WorkplaceNL began implementing educational and awareness initiatives to address the health and safety priorities outlined in the 2015-2017 Prevention Strategy. The new strategy was developed in consideration of findings from jurisdictional reviews, feedback from stakeholder consultation, results of the Occupational Health and Safety Committee Program review and the evaluation of the Occupational Disease Strategy. The strategy identifies seven health and safety priorities requiring focus: assaults and violent acts, soft-tissue injuries, occupational disease and illness, young workers, working at heights (new phase), serious injuries, and road safety in construction zones.

#### Assaults and violent acts

Assaults and violent acts continue to be an area of growing concern in the workplace. In 2015, the injury rate per 10,000 workers in this area reached a high of 7.6, accounting for a 69 per cent increase in the rate in the last five years. The education and awareness of workplace violence prevention and safety for those working alone continues to be a high priority. Throughout 2015, there was an emphasis on violence prevention in the taxi industry. A risk assessment tool was finalized for taxi operators in partnership with Service NL.



This tool will be used in 2016 by OHS Officers and Health and Safety Advisors to educate those in the industry on the importance of conducting appropriate risk assessments to decrease the risks of workplace violence. Presentations were delivered to employers, workers and supervisors on violence prevention and working alone, including a webinar that highlighted the techniques to control the risks of workplace violence through use of proper risk assessments.



### Soft-tissue injuries

While the soft-tissue incidence rate dropped to a record low of 1.0 per 100 workers in 2015, there is still more to be done. Educating employers and workers on controlling workplace risks for soft-tissue injuries continues to be a priority since soft-tissue injuries make up approximately two-thirds of all lost-time claims. A new office ergonomics video targeting workers at risk for soft-tissue injury was developed and launched in 2015. Education sessions were held with employers and workers through various means including conference presentations, workshops and employer consultations. There was also a focus on soft-tissue injury prevention in the health care and fishing industries throughout the year with sessions and an awareness campaign related to the principles of safe lifting and lifting techniques.

### Occupational disease and illness

WHMIS is Canada's national hazard communication standard. WorkplaceNL is responsible for the communication, education and awareness requirements of WHMIS. Health and Safety Advisors assist employers and workers in understanding their roles and responsibilities for WHMIS through workshops, training and promotions. The federal government recently announced WHMIS will be updated (WHMIS 2015) to reflect new requirements for workplace chemicals as outlined in the Globally Harmonized System of Classification and Labelling of Chemicals (GHS). Accordingly, Newfoundland and Labrador WHMIS Regulations are expected to change during the multi-year transition period currently in effect. WorkplaceNL placed a focused effort in 2015 towards educating employers and workers in this area of occupational health in anticipation of these changes. WorkplaceNL also participated in a national WHMIS sub-committee throughout the year and promoted related training opportunities to employers and workers. Occupational disease prevention was also targeted through workshops, webinars, posters and radio ads, as well as direct meetings and consultations with employers and workers in the



province. Occupational disease prevention topics included hearing loss, personal protective equipment for occupational hazards, heat stress and asbestos-related diseases.

### Young workers

WorkplaceNL remains committed to engaging young workers in health and safety education. Efforts in this area have contributed to a drop in the young worker incidence rate of 18 per cent since 2011, bringing the rate to 1.4 per 100 workers in 2015. Since 2008, WorkplaceNL's *Who Wants to Save a Life?* Game Show has been educating students throughout Newfoundland and Labrador, engaging approximately 40,000 attendees and participants. Season seven concluded in the spring, with the semi-final and final games broadcasted on RogersTV. Season eight began in the fall including schools in various parts of the province. The WorkplaceNL Video/Radio Ad Contest once again garnered a large number of entries from students in grades 7-12 promoting health and safety and injury prevention among youth. WorkplaceNL partnered with the Department of Education and Early Childhood Development, and was successful in making OHS 3203 a provincial course. A textbook as well as a curriculum guide for the course, the first-of-its-kind in Canada specifically designed for high schools, was authored by WorkplaceNL staff. Both were published for the 2015-2016 academic year and are being taught to over 1,200 students in 44 schools throughout the province. Support was provided to schools and teachers through professional learning sessions held in the fall.



### Working at heights

Injuries caused by falls tend to be very serious in nature, if not fatal. The fall from heights injury rate reached a high of 9.2 per 10,000 workers in 2011. Since that time the injury rate has dropped to 7.8 in 2015, a 15 per cent decrease. Training standards for fall protection have contributed to the decline in these serious injuries. In 2015, WorkplaceNL made changes to the Fall Protection Certification Training Standard to deal with recertification requirements. These changes were implemented and communicated to training providers and trainers. Fall protection training continues to be assessed and work is ongoing with training providers to increase skills and competency of fall protection trainers. For the second year in a row, WorkplaceNL hosted a professional development day for fall protection trainers to share experiences and best practices in fall protection training, and provide enhancements to training and delivery.



**Serious injuries**

The injury rate for serious injuries has remained high over the last five years. Since 2011, the rate has declined slightly from 11.6 per 10,000 workers to 11.3 in 2015. Education and awareness in the prevention of serious injuries continues to be a priority focus to bring the incidence rate down. In 2015, injury hotspot publications were developed to highlight high risk activities within certain occupations and provide injury prevention tips. Publications were developed for four additional occupations in 2015. WorkplaceNL partnered with Service NL in the development of a strategic inspection list for industries and/or employers with high rates of serious injuries.

**Road safety in construction zones**

The safety of workers in construction zones has become more of a focus after several serious events in recent years. In 2015, WorkplaceNL designed and developed a series of billboards to be erected in strategic locations throughout Newfoundland and Labrador to alert drivers to slow down in construction zones. A radio ad campaign began at the start of the construction season to remind drivers to exercise safety precautions in construction zones.

**Indicator:**  
Implemented the OHS Committee Training Standard.

The new OHS Committee Certification Training Standard was implemented on July 1, 2015. Through a phased-in approach, those who have already completed the existing training program have until June 30, 2018 to re-certify and then must renew their certification every three years thereafter. WorkplaceNL worked closely with OHS Division of Service NL and its stakeholders to revise the certification training standard to ensure workers receive current, competency-based training. The new training program is shorter, with a minimum of 14 hours, and has been condensed into one course for OHS Committees and WHSR/Ds. The program content has been updated to include a practical component, reflect new legislation, introduce case studies and use new training materials.

The number of registered OHS Committees in the province has more than tripled in the last decade, with over 4,500 committees. This training is important in ensuring these committees are aware of their responsibilities and members stay current with legislation in a way that is relevant and engaging. OHS Committees and safety representatives play a crucial role in ensuring the health and safety of everyone in their workplaces. They provide a structured means

to address issues and prevent workplace incidents, and involve both the employer and employees. Committee members are most effective when they understand their responsibilities and obligations, through training and experience. Changes to the standard were communicated through information sessions for training providers and trainers; a news release; an update to WorkplaceNL's website; and distribution of the revised curriculum to trainers.



**2016 Prevention Objective and Indicators**

- Objective: By December 31, 2016, WorkplaceNL will have continued implementation of the 2015-2017 Prevention Strategy: Leadership in Prevention Through Collaboration.
- Measure: Continued implementation of the 2015-2017 prevention strategy.
- Indicator: Delivered year two educational and awareness initiatives to address the health and safety priorities as outlined in the 2015-2017 prevention strategy.
- Indicator: Implemented phase two of the certification training registry.
- Indicator: Implemented the new voluntary supervisory standard.

*Strategic Issue 4:*

**Financial Sustainability**

**Goal:** By December 31, 2016, WorkplaceNL will have continued to move towards financial sustainability

**Objective:** By December 31, 2015, WorkplaceNL will have adhered to the Funding Policy based on an annual assessment.

**Measure:** Adhered to the Funding Policy.

WorkplaceNL 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 funding and investment policy, establishing experience-based assessment rates, eliminating new injuries through effective prevention initiatives in the province's workplaces, and providing affordable compensation benefits while pursuing health care cost-containment strategies.

WorkplaceNL continues to provide for the long-term security of injured worker benefits within employers' reasonable ability to pay. This is through adherence to the Funding Policy, the implementation of sound financial management practices and standards, and an ongoing focus on improving the delivery of accessible, timely care to injured workers in a cost-effective manner. These initiatives support the achievement of government's strategic direction of enhanced program and service delivery.

**Indicator:**

Continued adherence to the Funding Policy.



Effective January 1, 2016, the average assessment rate charged to employers will be reduced from

**\$2.45 to \$2.20**

per \$100 of assessable payroll.

Given the extended nature of injured worker benefits, WorkplaceNL takes a long-term view in managing and evaluating the performance of the injury fund. WorkplaceNL'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 funded position is defined by the relationship of total assets to total liabilities: the injury fund is considered funded when the total assets equal or exceed the total liabilities. The Funding Policy provides guidance to ensure WorkplaceNL responds to external factors, such as volatile markets, in a controlled and responsible manner. The policy specifies a funded position ranging from 100 to 120 per cent with a target of 110 per cent. WorkplaceNL must accumulate assets 10 per cent greater than its total liabilities in order to meet financial sustainability. This ensures that sufficient funds will be available to existing injured worker clients for the duration of their claim. If the funded position moves outside the targeted range, WorkplaceNL will adjust employer assessment rates over a 15-year period to achieve the target. At funding levels above 140 per cent, WorkplaceNL will consider one-time expenditures such as benefit improvements, assessment rebates and funding for prevention programs. Current and future costs are taken into consideration before any one-time expenditures are made to ensure the long-term sustainability of the workers' compensation system. Changes to benefit levels are subject to approval by the Government of Newfoundland and Labrador.

WorkplaceNL continued to adhere to the Funding Policy in 2015 based on the annual assessment. At the end of 2014, WorkplaceNL's funded status was 112 per cent and above the 110 per cent target. In October 2015, during the rate setting process for 2016, WorkplaceNL announced the removal of the \$0.25 surcharge per \$100 of payroll. A surcharge had been in place since 1993 to cover past unfunded liabilities of the workers' compensation system. Effective January 1, 2016, the average assessment rate charged to employers will be reduced from \$2.45 to \$2.20 per \$100 of assessable payroll. Approximately 99.3 per cent of employers will see their 2016 assessment rate decrease or stay the same. Individual employers will continue to pay different assessment rates depending upon their industry and workplace injury experience.

As of December 31, 2015, the funded position increased to 118.8 per cent, due primarily to slightly higher than expected investment

returns, an increase in assessments revenue, and favourable experience on prior year claims. This is a significant milestone. It is the best financial position for WorkplaceNL since 1981 and is only the second time the funding target was exceeded since the policy was adopted in 2009.

WorkplaceNL is committed to continuing its philosophy of using a balanced approach to consider the needs of both injured workers and employers, while also being financially responsible with the injury fund, now and into the future.

**Indicator:**

Continued to communicate the impact of IFRS to stakeholders.

WorkplaceNL adopted International Financial Reporting Standards (IFRS) effective January 1, 2011. The adoption of IFRS increases the volatility of WorkplaceNL’s reported financial results. In particular, the standard to include both realized and unrealized gains and losses in investment income have produced significant volatility in the operating results and funded status of WorkplaceNL in recent years. WorkplaceNL monitors the new standards being proposed by the International Accounting Standards Board. The changes in IFRS that have been adopted, and the pending changes that may impact financial results are presented to stakeholders annually through the annual reporting process and at the Board Stakeholder Forum. The most recent forum was held in June 2015.



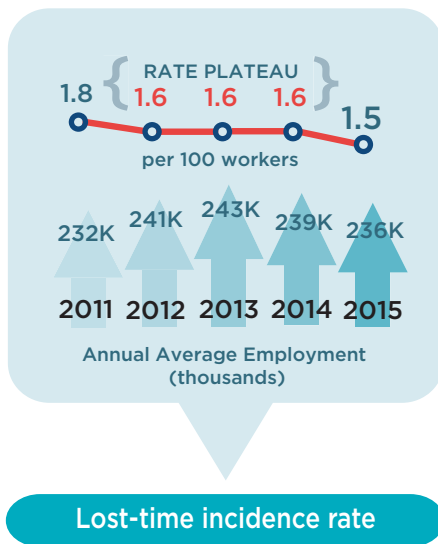
**2016 Financial Sustainability Objective and Indicators**

- Objective: By December 31, 2016, WorkplaceNL will have adhered to the funding policy based on an annual assessment.
- Measure: Adhered to the funding policy.
- Indicator: Continued adherence to the funding policy.
- Indicator: Continued to communicate the impact of IFRS to stakeholders.



## Opportunities & Challenges

WorkplaceNL will support injured workers and their employers by creating awareness and managing policies to address complex injuries and illnesses, including occupational disease, and to focus on facilitating the workers' early and safe return to work.



### Reducing injuries and illnesses

The lost-time incidence rate decreased to an all-time low of 1.5 per 100 workers in 2015, after remaining stagnant at 1.6 for three years prior. WorkplaceNL recognizes that further reductions in the injury rate will be increasingly challenging to achieve.

The extent to which the injury rate can be reduced, or to avoid an upward swing, depends on WorkplaceNL refreshing its focus on educating and creating awareness of how to prevent workplace injuries by targeting areas of greatest risk. We will emphasize our safety culture for ongoing reductions in soft-tissue injuries, injuries from assaults and violent acts, and occupational illnesses.

There remains opportunity for WorkplaceNL to engage workplace parties through partnerships with safety associations, employers and workers to improve safety performance at workplaces, within an industry and

on a provincial scale. Our province's safety culture will benefit from new approaches, innovation and continuous monitoring and identification of risk areas.



### Return to work

WorkplaceNL recognizes that early intervention on an injured worker's claim contributes to their recovery and supports planning for early and safe return to work (ESRTW). It also helps manage claims costs while maintaining benefits to which injured workers are entitled. Ultimately, early intervention reduces the amount of time a worker is away from his/her workplace.

Success in ESRTW depends on the worker, the employer and the health care provider. WorkplaceNL sees opportunity to engage all parties early in the process to help them understand their roles and responsibilities, with a focus on the workers' return to work as soon as it is safe to do so.

### Mental health in the workplace

There is a growing awareness of mental health and wellness in society and in the workplace. Recent province-wide awareness campaigns have been aimed at improving knowledge of the continuum of mental health and reducing the stigma associated with mental illnesses and addictions.



Mental health affects us all with one in five people experiencing mental illness or addiction in a particular year. WorkplaceNL recognizes that there is an opportunity to improve our client service by training our staff on how to recognize and respond to clients, co-workers or the public who may be experiencing a mental illness or addiction.

In partnership with the Canadian Mental Health Association of Newfoundland and Labrador, over 160 of our front-line staff have completed The Changing Minds training. More training is planned in 2016 to be more responsive to an individual's mental health, to help employees recognize the effects of mental health stigma and to reduce its impacts in the workplace. This will ultimately support the mental health and well-being of employees.

**Health care costs and access to services**

There remain ongoing challenges with timely access to health care services, and rising health care costs. WorkplaceNL has negotiated memorandums of agreement 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, WorkplaceNL procures medical and health care items and services through the public tendering process and adheres to the provincial generic drug pricing policy in order to control costs.



**Occupational disease**

Occupational disease prevention continues to be a priority as occupational health hazards are the leading cause of premature death in workers in Newfoundland and Labrador. Over the past five years, 75 per cent of fatality claims were the result of occupational diseases. Given the latency periods involved with some known occupational diseases, including cancers and respiratory illnesses, this will be a challenge for many years to come.



WorkplaceNL understands that dealing with a life-threatening disease is a very difficult time for a worker, their family and their community. That is why WorkplaceNL continues to seek out and rely on the best medical and scientific information available when adjudicating claims for occupational disease.

There are opportunities to prevent today's workers from being exposed to substances which lead to future occupational diseases. WorkplaceNL will continue its focus on education and awareness for preventing known occupational diseases.

## 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 (WorkplaceNL). This MD&A should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2015. The MD&A was prepared based on information available as of March 11, 2016. 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 organization'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 organization'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 WORKPLACENL

WorkplaceNL operates under the authority of the *Workplace Health, Safety and Compensation Act* (the *Act*). In accordance with the *Act*, WorkplaceNL promotes health and safety in workplaces with an objective of preventing the occurrence of workplace injuries and known occupational diseases. When injuries occur, WorkplaceNL 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. WorkplaceNL 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, WorkplaceNL funds the Occupational Health and Safety (OHS) Branch of the Provincial Government, and the Workplace Health, Safety and Compensation Review Division.

WorkplaceNL'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*, WorkplaceNL 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. WorkplaceNL provides workplace insurance coverage to approximately 98% of workers employed in the province of Newfoundland and Labrador.

### VISION AND MISSION

WorkplaceNL'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. WorkplaceNL'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, WorkplaceNL 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



Management Discussion & Analysis *continued*

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 WorkplaceNL's ability to control; however, actions can be taken to mitigate their ultimate impact. These actions are incorporated into existing and proposed strategic plans. In addition to focusing externally, WorkplaceNL is continuing a process that began in 2014 to formalize its enterprise risk management activities. The emphasis is to consider risk management more specifically in operational and strategic initiatives to help ensure it is integrated at the appropriate level in decision-making, governance, planning, general management, and overall organizational culture.

The 2014-2016 Strategic Plan for WorkplaceNL 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

WorkplaceNL 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. WorkplaceNL's stated goal had been to earn a rate of return of 6.6% (3.5% real return after inflation). In 2014, WorkplaceNL revised its long-term return expectation to 6.1%, which still reflected a 3.5% real rate of return, but a lower inflation expectation. WorkplaceNL further revised its long-term inflation expectation in 2015 to 2.25%, resulting in an expected discount rate of 5.83%.

The financial risks to which WorkplaceNL is exposed are described in Note 8, Financial 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.

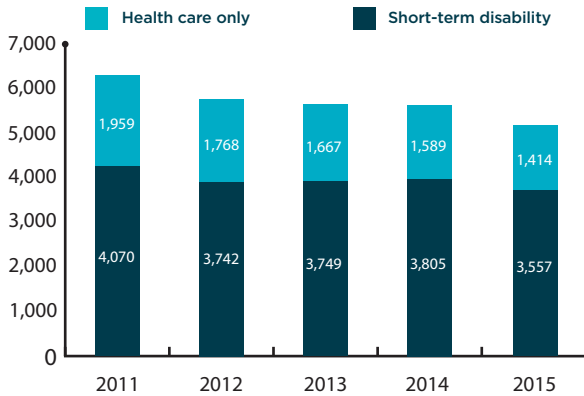
Interest rate risk is the risk that the value of a security will fluctuate due to changes in market interest rates. This risk is managed through diversification among sectors and durations. Market risk is the risk that the fair value of marketable securities or long-term investments will change due to 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.

### 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 WorkplaceNL's strategic planning process which translates into specific initiatives at the operational level to bring about cost reduction or containment while maintaining the quality of service to injured workers.

Management Discussion & Analysis *continued*

**New injury claims**



The total number of new short-term disability and health care-only injury claims continues to trend downwards. Since 2011, the number of new injuries has declined by 17.5%.

Recognizing the impact that extended claims duration can have on claim costs and return to work outcomes, WorkplaceNL applies a quality assurance framework that provides additional oversight of key performance indicators and business processes that facilitate recovery at work. The additional level of oversight builds on WorkplaceNL’s existing efforts to manage duration factors within its control and to ensure that programs and services are delivered in an effective and efficient manner.

Employers and workers are obligated to co-operate in the worker’s early and safe return to work (ESRTW). The goal is to safely return the worker to employment or employability that is comparable to the pre-injury level as soon as possible. A co-operatively developed ESRTW plan assists the worker’s recovery by making returning to work a part of the rehabilitation process. Worker participation is a critical factor in the success of the ESRTW plan and ultimately achieving a suitable return to work outcome.

Employers are better able to support ESRTW plans through online filing which reduces delays associated with the early and safe return to work process.

The online service improves the information and data that is collected for the ESRTW process, pre-fills data when completing subsequent plans and forwards the return to work data to the case manager for review. The creation of a more comprehensive, accurate and timely ESRTW plan provides WorkplaceNL with greater capability to facilitate the return to work process, and monitor and manage factors that impede the ESRTW process at the claim or program level.

To expand and improve our overall claims management framework, for 2015, WorkplaceNL developed strategies for the use of disability management guidelines by staff to help set expectations with injured workers and physicians. These guidelines help case management employees educate injured workers about their injuries and recovery, set expectations and answer questions.

These initiatives will further improve the efficiency and effectiveness of the ESRTW program for workers and employers, and assists WorkplaceNL 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 WorkplaceNL’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, WorkplaceNL maintained agreements with external health care service providers in 2015, including physicians, physiotherapists, chiropractors, audiologists and other consultants. Through negotiated agreements, WorkplaceNL ensures that health care providers support the principles of ESRTW and meet expectations regarding timeliness and quality of service provided to injured workers, which contributes to shorter claim duration.

Management Discussion & Analysis *continued*

The collaboration between the MUN School of Medicine and WorkplaceNL's Health Care Services department continued in 2015. Teaching sessions were provided for the Phase 2 and Phase 3 medical students in April and June respectively. These sessions consist of classroom lectures combined with interactive learning utilizing Standardized Patients. The areas of focus include the importance of taking a thorough and accurate occupational history, as well as identifying and managing risk factors that may pose as barriers to return to work. Transferring knowledge to future physicians about identifying and managing return to work barriers, which they can apply in practice, is significant given the critical role physicians play in an injured worker's recovery and return to work.

WorkplaceNL takes a variety of approaches to address health care costs. The increased emphasis on early intervention and more proactive case management, through the strategic investment in the claims management system, contribute to mitigating any potential growth in health care costs. In 2015, a review of personal care expenditures continued, along with streamlining the procurement and payments functions. Future enhancements will include consistency of personal care rates.

WorkplaceNL 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. 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, WorkplaceNL helps to contain costs in an area subject to ongoing price increases that exceed the rate of consumer price inflation.

### Lost-time incidence rate

Over the past decade, workplace injury and illness rates have been significantly reduced in most every injury category in Newfoundland and Labrador, including lost-time, young workers, soft-tissue and

health care only. The lost-time injury rate declined to 1.5 injuries per 100 workers in 2015, a new historic low for the province. The 29% decline over the past 10 years is primarily due to advances in health and safety education, certification training, enforcement, and more effective OHS management systems to control risk in the workplace. Despite the historic increase in safety performance, 14 workers are injured at work every day in Newfoundland and Labrador - and one of these workers will sustain a permanent injury resulting in long-term medical rehabilitation, wage-loss, and other disability benefits.

To continue the focus on improving safety performance, WorkplaceNL and ServiceNL (OHS Branch) issued a three-year Prevention Strategy in 2015 to provide industry stakeholders and safety partners direction on strategic goals and objectives aimed at further reducing workplace injuries and illnesses. The strategy outlines seven health and safety priorities requiring focus: assaults and violent acts, soft-tissue injuries, occupational disease and illness, young worker, working at heights, serious injuries and road safety in construction. While health and safety education and enforcement activities remain high, there continues to be significant risk within certain workplaces that can negatively impact the health, safety, and protection of workers. Continued vigilance is required to address the risk of serious injury and illness, especially in a new cycle of lower economic growth in Newfoundland and Labrador.

### Inflation rate

The annual change in inflation can have a material impact on WorkplaceNL's benefit liabilities. The long-term disability benefits provided under the *Act* are indexed to the full rate of inflation with no upper limit. WorkplaceNL calculates the annual inflation adjustment based on the year-over-year change in the Consumer Price Index at July each year and applies the adjustment January 1 of the following year. The inflation adjustment calculated in 2015 was 1.5% and the inflation adjustment has

## Management Discussion & Analysis *continued*

averaged 1.6% over the past five years. The long-term inflation assumption used to value WorkplaceNL's benefit liabilities has ranged from 3.5% down to 2.25% over that period.

### 2015 FINANCIAL HIGHLIGHTS

WorkplaceNL recorded a 5.5% (2014 - 5.6%) increase in the overall assessable payroll base, with increased payrolls across most industry sectors, except for mining, business services, educational services and finance & insurance.

Assessment revenue increased by \$26.1 million, while investment returns declined by \$40.7 million. WorkplaceNL's total comprehensive income was \$76.7 million, as compared to a comprehensive income of \$62.7 million in 2014. WorkplaceNL's funded position improved to 118.8% from 112.0% at the end of 2014.

### STATEMENT OF FINANCIAL POSITION

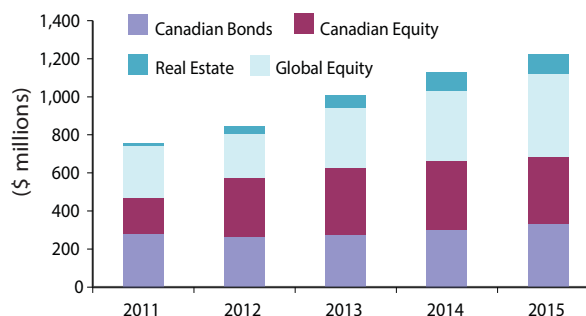
#### Cash position

WorkplaceNL ended 2015 with a cash balance of \$45.2 million, as compared to \$46.3 million at the end of 2014. Since assessment revenue collected exceeded cash payments to or on behalf of injured workers and administrative expenses, WorkplaceNL was in a position to transfer \$20 million into the injury fund in 2015 and maintain a stable cash position.

#### Investments

WorkplaceNL'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. The fair value of the Injury Fund increased \$96.9 million to \$1,223.0 million at December 31, 2015 from \$1,126.1 million at the end of 2014.

### Injury fund



The divergence of monetary policy that began in 2014, continued and expanded throughout 2015. While the U.S. Federal Reserve Board (U.S. Fed) tightened, all other global central banks maintained expansive monetary policies. The U.S. Fed increased its target rate in December with expectations for further increases in the year ahead. The European Central Bank, the Peoples Bank of China and the Bank of Canada decreased rates to varying degrees during 2015. Effects of these policy decisions on markets included declining prices and disinflation, volatility in currency and bond markets ahead of the anticipated U.S. Fed rate hike, negative interest rates in certain local markets and strengthening of the U.S. Dollar (USD). Another key theme for 2015 was the declining demand and falling prices for commodities, especially oil.

In 2015, the Injury Fund had a rate of return of 6.8% compared with an 11.6% return in the previous year, and target of 6.1%. All of the Injury Fund investment managers, with the exception of real estate, exceeded their benchmark returns in 2015. The fund has generated an average return of 11.3% over the most recent four years and 6.6% over the most recent ten years.

In Canada, the S&P/TSX composite index was down 8.3% on the year, making this one of the worst performing developed markets. The Canadian market has now underperformed the U.S. market five years in a row. Commodities have been the major catalyst for the decline due in a large part to the slowdown in China.

Management Discussion & Analysis *continued*

The Chinese economy is transitioning from one driven by fixed investment and manufacturing to one driven by consumption and services. The Standard & Poor's GSCI commodities index declined 34 percent in 2015 to its lowest level since 1999, down 80 percent from its peak. At previous peak levels of activity, China was consuming about half the world's copper, aluminum, nickel and steel. The biggest factor contributing to the 30% decline in oil prices in 2015 was unrestrained production across the world. In December, OPEC removed production quotas on its member states resulting in another sell off.

The drop in oil prices did not produce the expected boost to global growth and in particular has had a profound impact on the Canadian economy and markets. The Canadian equity market was driven down by the energy and materials sectors, the worst performing sectors at negative 22.9% and 21.0%, respectively. Seven of ten sectors produced negative returns in 2015. The injury fund was generally underweight in the energy and materials sectors in Canada during the year. These positions were increased to near market weight at year-end.

In the U.S., the S&P 500 Index rose by 21.6% in Canadian dollar terms (0.9% on a hedged basis) compared with 23.9% in 2014. All ten sectors produced positive returns in the U.S., with technology, health care and materials leading with returns exceeding 13%. The MSCI ACWI (global equities) increased by 17.7% in Canadian dollar terms (1.8% in local currency) an improvement from the 14.1% return in 2014. Emerging Markets, impacted by geopolitical concerns and weaker growth in China, underperformed developed markets. From a sector perspective the injury fund global equity allocation was underweight energy and materials and overweight information technology, and consumer discretionary and staples. The Injury Fund underperformed on investments in emerging markets but only had a 3% allocation to that segment of the market. From a geographic perspective, the Injury Fund was underweight U.S. equities during the year and overweight Europe. These relative positions existed at the end of the year.

The Canadian dollar (CAD) has been hit by the oil shock, poor prospects for domestic economic growth and the different paths on interest rates being taken by the U.S. Fed and the Bank of Canada. The CAD declined in value versus the USD by 16.2% during the year, from 86.1 cents to 72.0 cents, a level last seen in 2003. The CAD also lost value compared to the Euro ending the year, down 6.3%.

WorkplaceNL gained from its global equity exposure. The Injury Fund's foreign currency denominated assets are not hedged to the CAD resulting in a foreign exchange gain. At December 31, 2015, United States assets represented 55.8% of the global asset allocation (18.2% of total fund assets) while European assets accounted for about 27.3% (8.9% of total fund assets) with little variance from these allocations during the year. It is estimated that a 10% decline in the value of the CAD versus the USD contributes about \$25.9 million in value while a similar result compared to the Euro produces a gain of about \$4.2 million.

The U.S. Fed raised its target for the federal funds rate from 0.25% to 0.5%, the first increase in nine years: The U.S. Fed's last hike was June 29, 2006. The European Central Bank pushed its deposit rate further into negative territory and initiated a quantitative easing program which they extended into 2017. The Central Bank in China cut their main interest rate five times in 2015 to record low levels and reduced the reserve requirement for bank deposits. In addition, they took historic action devaluing the yuan, allowing it to depreciate further against the U.S. dollar. The Bank of Canada lowered the overnight lending rate twice during the year to 0.5%. Persistent concerns about economic growth and uncertainty about the impact of the U.S. Fed's interest rate policy kept market volatility elevated and put downward pressure on Canadian interest rates.

Interest rates on 10-year government bonds moved in opposite directions with 10 year U.S. treasuries yielding 2.27% at December 31, 2015 (2.17% a year earlier) and 10 year Government of Canada's yielding 1.55% (1.79% at the beginning of the year). In this environment, the FTSE TMX Canada Universe Bond Index returned 3.5%

Management Discussion & Analysis *continued*

for the year. The injury fund fixed income asset class is invested in domestic bonds with an overweight to investment grade corporate bonds and to a lesser extent provincial and municipal bonds. The overweight to corporate bonds was reduced towards year-end given the risk of the downturn in oil and gas affecting other sectors of the economy and falling profitability of the corporate sector. The portfolio’s term structure is overweight medium-term to long-term bonds and underweight short-term bonds. The economic outlook should preclude upward pressure on mid to long-term bond yields thereby offering some protection to returns on Canadian bonds.

In 2015, stability of income was the main driver of performance for the Injury Fund’s real estate portfolio. The fund experienced moderate gains, as a result of income returns, on the properties that were appraised during the year. The softening in the Alberta market, especially in the office sector, resulted in lower capital returns but was offset by the positive impact of properties in the Greater Toronto and Vancouver areas. The IPD all property index, the real estate benchmark, produced an annual return of 8.0% in 2015 (5.8% in 2014).

**Investment strategy**

WorkplaceNL’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.

WorkplaceNL’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 policy periodically to ensure prudent management and oversight of the Injury Fund assets.

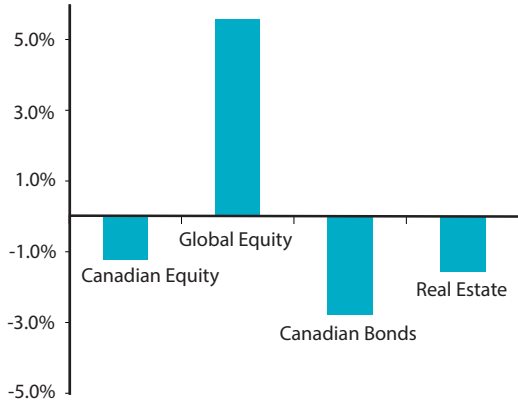
The Long-term Investment Policy documents the long-term asset mix target, the return objectives, acceptable investments and limits on risk concentration. The Injury Fund assets are managed by independent, professional investment managers. WorkplaceNL monitors the managers’ compliance with policy on a 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. Subsequent to year-end the Board concluded an agreement with a third party service provider to assume the role of outsourced Chief Investment Officer for the Injury Fund.

WorkplaceNL’s asset mix policy as at December 31, 2015 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 asset mix will vary from the targets due to differences in the relative performance of the various financial market segments. During 2015, WorkplaceNL’s global equity portfolio performed well (20.2% return) while the Canadian equity portfolio lost 3.9%. As depicted in the chart below, the Global Equity allocation was outside of its drift range at December 31, 2015. This is being rebalanced through an additional \$20 million commitment to the real estate allocation which is being drawn down over an 18 month period which commenced in October 2015.

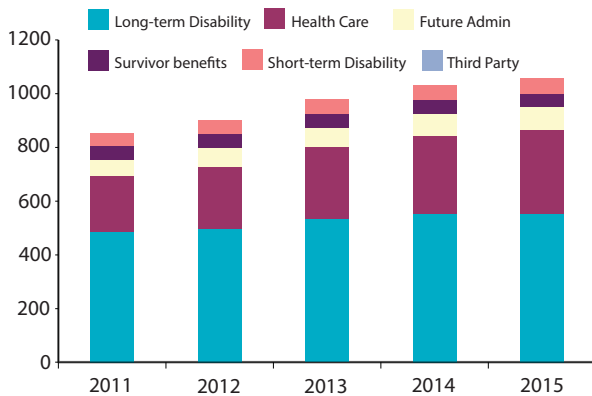
**Asset mix versus policy, Dec 31, 2015**



**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, 2015, and the future cost of administering those claims. WorkplaceNL has also included a provision for future claims related to latent occupational disease. 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.

**Benefit liabilities**



WorkplaceNL 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 14 - Benefit Liabilities and Claims Costs, to the financial statements, have been updated resulting in an increase in the benefit liabilities of \$13.8 million. A lower long-term inflation expectation of 2.25% (2014 – 2.5%), and therefore a lower expected gross rate of return of 5.8% per annum (2013 – 6.1%) resulted in an increase in the liability of \$10.2 million. As well, WorkplaceNL has incorporated an explicit termination rate into the valuation of long-term disability benefits, resulting in a reduction in the liability of \$14.2 million. The run-off curve used to project future medical payments has been extended from a duration of 50 years to 60 which added \$16.2 million to the liabilities. Finally, there was a refinement of the mortality assumption which caused a \$1.6 million increase in the liability.

WorkplaceNL'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 \$24.2 million, or 2.3% from \$1,035.7 million at the end of 2014, to \$1,059.9 million at the end of 2015. Excluding the increases associated with the changes in actuarial assumptions for the discount rate, extended earnings loss (EEL) terminations and healthcare duration, the increase in the benefit liabilities is \$12.0 million.

The liability for long-term disability benefits represents the single largest component of the overall benefit obligations. At December 31, 2015, the long-term disability liability was 52.2% of the total benefits liability and amounted to \$552.7 million, compared to \$552.9 million for the prior year. There has been a substantial increase in both the number and value of pension replacement benefits awards which has added \$6.1 million to the liability, while the EEL claim terminations being greater than expected reduced the liability by \$6.6 million. The change in inflation assumption added \$2.9 million to the liability, while the introduction of

Management Discussion & Analysis *continued*

explicit termination rates resulted in a gain (\$13.1 million), as did the actual inflation rate being lower than the assumed rate (\$6.6 million).

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 \$126,000 in 2014 to \$130,000 in 2015. The average new capitalization award for the past 5 years, when adjusted for inflation, is \$129,000. The actuaries have maintained the \$130,000 assumed liability assumption for new EEL awards for the current valuation. WorkplaceNL'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 remained stable at roughly 220 per year for the years 2012 to 2015.

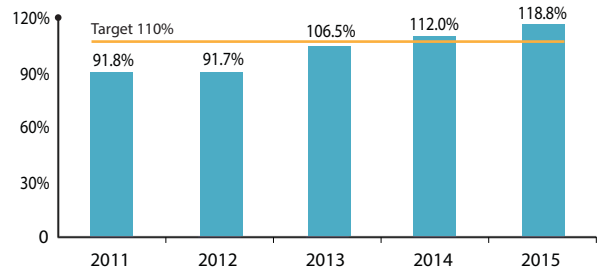
The next largest benefit liability category is health care, which is 29.6% of the benefit liability at \$313.8 million, an 8.0 % increase from 2014. The change in inflation assumption and extension of the medical run-off curve added \$6.1 million and \$14.9 million, respectively, to the liability. These increases were offset slightly by a gain associated with payments being lower than expected (\$6.8 million).

In 2015, the liability for survivor benefits decreased by \$3.1 million. WorkplaceNL accepted 24 fatality claims in 2015 compared with 29 in 2014. Of these, 7 were as a result of accidents and 17 arose from occupational disease (2014: 11 accidents, 18 occupational disease).

**Funding policy**

WorkplaceNL'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 WorkplaceNL responds to external factors, such as volatile investment markets, in a controlled and responsible manner.

**Funded ratio**



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, WorkplaceNL will adjust assessment rates paid by employers over a fifteen-year period to achieve the funding target. WorkplaceNL's assessment rates for 2014 and 2015 included an upward adjustment of \$0.25 per \$100 of payroll.

At funding levels above 140% WorkplaceNL 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, WorkplaceNL will take into account the current and all future costs associated with any one-time expenditures.

**FUND SURPLUS**

At December 31, 2015, WorkplaceNL's assets totaled \$1,302.5 million compared with total liabilities of \$1,096.0 million. The net fund surplus of \$206.5 million consists of \$206.5 million in accumulated operating surpluses, other comprehensive loss of \$0.6 million,



and an occupational health and safety research reserve of \$0.6 million.

The ratio of total assets to total liabilities is one measure of the financial strength of WorkplaceNL. 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, 2015, WorkplaceNL's funded ratio had increased to \$118.8%.

Funded Status		
(\$ millions)	2015	2014
Total Assets	1,302.5	1,206.7
Total Liabilities	1,096.0	1,076.9
Accumulated Operating Surplus	206.5	129.8
Stabilization fund (10%)	109.6	107.7
Funding Strategy Surplus	96.9	22.1

The improvement of the funded ratio was primarily due to the increase in assessments revenue, slightly higher than expected investment returns, and favourable experience on prior years claims which offset the impact of changes in actuarial and economic assumptions.

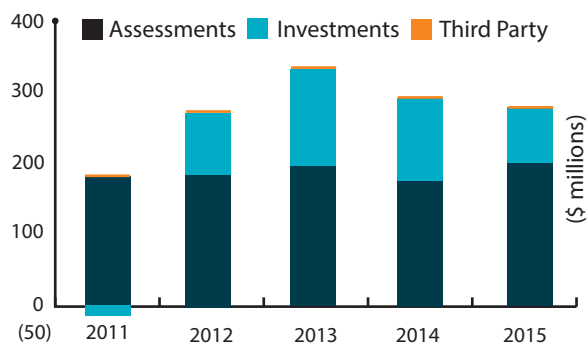
WorkplaceNL's long-term funding target is to achieve a level of total assets equal to 110% of total liabilities which is equivalent to requiring a stabilization fund of 10%. At December 31, 2015, this required stabilization fund amounted to \$109.6 million, bringing the total funding strategy surplus to \$96.9 million. This compares with a funding strategy surplus of \$22.1 million at the end of 2014. As the funding target was achieved, the \$0.25 surcharge per \$100 of payroll that had been in place since 2008, was removed during the rate-setting process for 2016.

**STATEMENT OF OPERATIONS**

**Revenues**

WorkplaceNL's revenue sources are assessments paid by employers, investment income and third party recoveries. In 2015, revenues totaled \$284.9 million, a 4.6% decrease from 2014 revenues of \$298.7 million, primarily driven by lower investment income.

**Revenue**



**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 \$2.45, the assessment revenue from rate based employers increased 15.5% to \$196.5 million from \$170.2 million in 2014. In 2015, employer assessable payrolls increased by 5.5% to \$8.4 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 revenue outpaced the growth in assessable payroll due to growth in sectors with higher than average assessment rates.

Under WorkplaceNL'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 component recognizes employers for good 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 \$48.2 million in PRIME practice refunds.

Management Discussion & Analysis *continued*

PRIME		
(\$ millions)	2015	2014
Practice refunds paid	6.7	6.5
Practice refunds forfeited	2.5	2.4
Practice refunds available	9.2	8.9
Experience refunds paid	12.2	12.5
Experience refunds forfeited	4.8	4.8
Experience refunds available	17.0	17.3
Experience charges	(2.9)	(3.3)

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 are eligible to receive a refund while those with claim costs above the top of their range may receive an experience charge. When claim costs falls 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 \$29.6 million in PRIME experience incentives. The net refund position is indicative of the decline in the lost-time incidence rate.

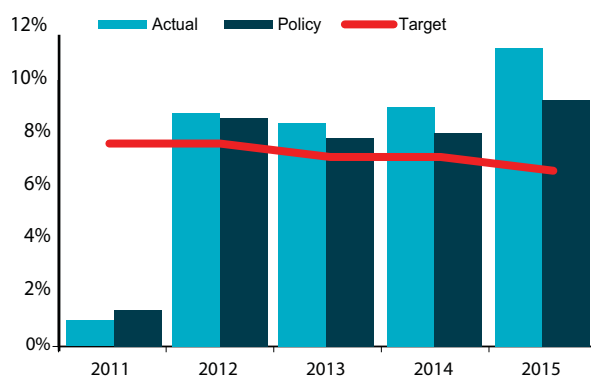
The ultimate amount of practice and experience incentives for the 2015 PRIME program year will not be known until the processing and subsequent audits of employer payroll statement data is completed later in 2016. WorkplaceNL estimates that employers will qualify for practice incentive refunds of \$7.1 million in 2016 based on their 2015 performance and their qualifying experience incentive, net of experience charges, will be \$8.5 million.

Revenues from self-insured employers decreased by 2% to \$9.7 million in 2015 (2014 - \$9.9 million).

**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 WorkplaceNL 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. WorkplaceNL revised its long-term return target in 2014 to 6.1% and in 2015 to 5.8%, maintaining a 3.5% real rate of return, but with further reductions in the inflation expectations to 2.5% and then to 2.25%. In 2015, the Injury Fund had a rate of return of 6.8% compared with an 11.6% return in the previous year. The fund has generated an average return of 11.3% over the most recent four years and 6.6% over the most recent ten years.

**Four-year annualized return**


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

Management Discussion & Analysis *continued*

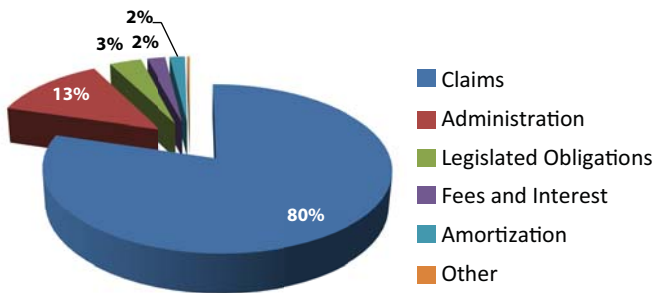
period ending December 31, 2015, the Injury Fund earned an annualized return of 11.3% compared to the policy return of 9.4%.

In 2015, WorkplaceNL realized investment income of \$77.3 million, compared to \$118.0 million in 2014. There was a 10.0% increase in interest and dividends from \$29.3 million in 2014 to \$32.1 million in 2015. The remainder of the income is due to net gains realized on the sale of investments during the year, offset by the change in market value from the previous year-end.

**Expenses**

WorkplaceNL'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 WorkplaceNL's expenses, which comprises over 80% (2014 – 81%) of expenses, while administration expenses are approximately 13% (2013 – 12%) of the total.

**Total expenses**



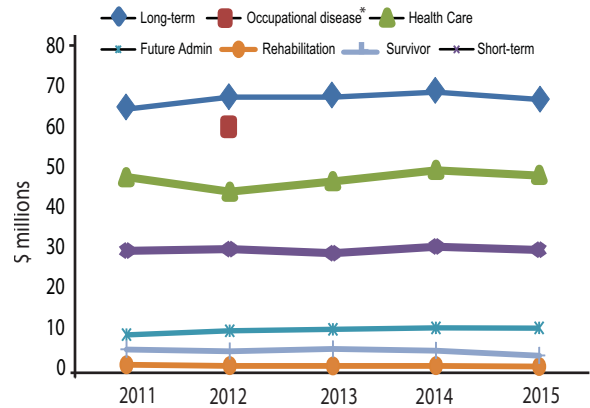
In 2015, total expenses were \$208.6 million, a decrease of \$27.0 million. The decrease is primarily due to the higher claims costs in 2014 associated with changes in actuarial assumptions related to discount rate, latent occupational disease and mortality rates.

**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 \$28.3 million (14.5%) from \$195.5 million in 2014 to \$167.2 million in 2015. This was primarily due to a lower net impact of actuarial adjustments (\$5.4 million) as compared to the prior year (\$28.2 million).

**Claims expenses**

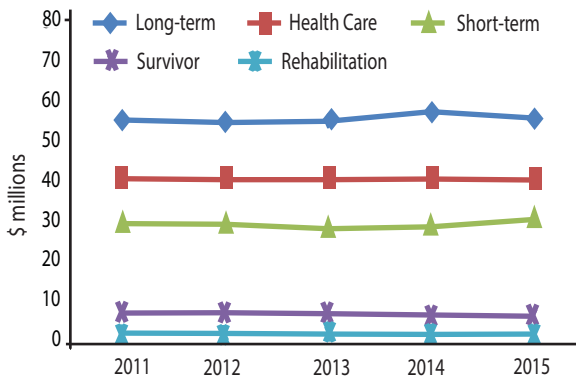


\*In 2012, there was an initial recognition of a liability for latent occupational disease of \$63.4 million.

**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 slightly to \$133.8 million in 2015, from \$134.0 million in 2014. The average rate of increase from 2011 to 2015 has been 0.2%.

**Claims payouts**



## Management Discussion & Analysis *continued*

### *Administrative and other expenses*

In 2015, WorkplaceNL's administration, amortization and other operational expenses increased by 6.4% to \$29.9 million from \$28.1 million in the previous year. The increase was primarily in the category of salary and benefits and was driven by a general wage increase and the change in the Public Sector Pension Plan funding requirements which increased the contribution rate for both employees and employers.

### *Legislated and other obligations*

WorkplaceNL is required by legislation to fund the operating costs of the Occupational, Health and Safety Branch of the Service NL in delivering their occupational health and safety mandate. Legislation also requires that WorkplaceNL fund all of the costs of operating the Workplace Health, Safety and Compensation Review Division and the Statutory Review. WorkplaceNL also provides funding to employer and worker advisor positions. Total legislated obligations and other commitments decreased by \$0.1 million in 2015 to \$7.2 million.

## **OUTLOOK**

The financial sustainability of the workers' compensation system in Newfoundland and Labrador continued to improve in 2015 as WorkplaceNL achieved a funded status of 118.8% (2014 – 112.0%). Since the funding target had been achieved the Board has removed the 25 cent surcharge that was in place since 2008, resulting in a reduction in the average base assessment rate per \$100 of assessable payroll for 2016 from \$2.45 to \$2.20.

The Provincial government is estimating that real gross domestic product (GDP) will decline by 2.6 per cent for the fiscal year ending March 31, 2016. Government is also forecasting negative economic growth over the next several years. Capital investment and employment are expected to decline given that major construction projects are now past peak activity. These forecasts are in line with other public forecasters.

The continued, significant reduction in oil prices in 2015 has had a material impact on the financial position of Government resulting in an estimated budget shortfall in excess of \$1.9 billion for the current fiscal year. The province is not alone in this regard with other oil producing provinces, as well as the Federal Government, reporting significant deficits. In the near-term, oil production is expected to increase after a 20% decline in 2015. However, oil prices are expected to remain low, only recovering to about half of their previous peak over the next five years. Consequently, in the absence of corrective measures, government is anticipating a doubling of the provincial net-debt over that same period. In this environment all three major credit rating agencies have changed their outlook for the province from stable to negative.

WorkplaceNL is forecasting assessable payrolls in 2016 to be about 5% below those in 2015, which will lead to a reduction in assessments revenue of about \$10 million. Claims expenses are expected to remain stable, however, diminishing employment prospects in the province could affect claiming patterns.

From a broader perspective, global financial markets are expected to become more volatile in 2016 as investors struggle with weakening global growth, diverging monetary policies and rising risks. The outlook, according to the International Monetary Fund, is for a slight improvement in GDP growth in the U.S. and in Canada. Low prices for oil and other commodities will place a damper on the Canadian economy, while a strong dollar will have a negative effect on manufacturing and exports in the U.S. Interest rates will continue to rise in the U.S. though at slower pace than original expectations. Due to a relatively weak start for markets early in 2016 the value of the injury fund has declined about \$32 M (about 2.6%) since December 31, 2015. WorkplaceNL will continue to rely on its diversified investment approach to mitigate capital market risks and uncertainty throughout 2016.

## 2015 Financial Statements

### Management responsibility for financial reporting

The financial statements of the Workplace NL 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 WorkplaceNL'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 WorkplaceNL's annual financial statements and the accounting and financial reporting and disclosure processes and policies of WorkplaceNL. 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. WorkplaceNL'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 WorkplaceNL. Their role is to complete an independent actuarial valuation of the benefit liabilities of WorkplaceNL annually and to report thereon in accordance with accepted actuarial principles.

Ernst & Young, LLP, the independent auditors of WorkplaceNL, have performed an audit of the 2015 financial statements of WorkplaceNL 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



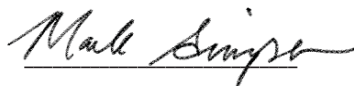
Paul Kavanagh  
Chief Financial & Information Officer

## 2015 Financial Statements

**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 (“WorkplaceNL”) as at December 31, 2015 (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 WorkplaceNL 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 WorkplaceNL. The discount rates used are disclosed in Note 14 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 WorkplaceNL’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 \$1,059,861,000. 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, F.C.I.A.  
Morneau Shepell Ltd.

*April 1, 2016*

*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, 2015 and the statements of comprehensive income, 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, 2015 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Ernst & Young LLP*

St. John's, Canada,  
April 8, 2016

Chartered Professional Accountants



## 2015 Financial Statements

**Statement of FINANCIAL POSITION  
as at December 31**

(thousands of dollars)	2015	2014
<b>Assets</b>		
Cash, cash equivalents and short-term investments	\$ 45,200	\$ 46,266
Accounts receivable [note 5]	10,198	10,090
Investments [note 6]	1,223,007	1,126,120
Property, plant and equipment [note 9]	8,549	8,687
Intangible assets [note 10]	15,569	15,521
	<b>\$ 1,302,523</b>	<b>\$ 1,206,684</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities [note 12]	29,581	34,512
Employee future benefits [note 15]	6,584	6,631
Benefit liabilities [note 14]	1,059,861	1,035,739
	<b>1,096,026</b>	<b>1,076,882</b>
<b>Fund balance</b>	<b>206,497</b>	<b>129,802</b>
	<b>\$ 1,302,523</b>	<b>\$ 1,206,684</b>

**Commitments [note 23]**

Authorized for issue on April 16, 2016, on behalf of the Board of Directors



Elizabeth Forward  
Director



Darren Roberts  
Director

See accompanying notes.



## 2015 Financial Statements

**Statement of COMPREHENSIVE INCOME**  
**Year ended December 31**

(thousands of dollars)	2015	2014
<b>Revenue</b>		
Assessments revenue [note 13]	\$ 206,262	\$ 180,144
Investment income [note 7]	77,325	117,982
Third-party recoveries	1,340	580
	<b>284,927</b>	<b>298,706</b>
<b>Expenses</b>		
Claims costs incurred [note 14]		
Short-term disability	30,124	30,933
Long-term disability	67,498	69,367
Survivor benefits	3,831	5,087
Health care	48,567	49,903
Rehabilitation	1,104	1,295
Actuarial adjustments	5,373	28,243
Future administration costs	10,662	10,698
	<b>167,159</b>	<b>195,526</b>
Administration [note 16]	25,933	24,551
Legislated obligations [note 17]	7,152	7,327
Fees and interest, net [note 11]	4,345	4,589
Amortization and depreciation [notes 9 and 10]	3,434	3,130
Other expenses [note 18]	540	450
	<b>208,563</b>	<b>235,573</b>
Operating surplus	<b>76,364</b>	<b>63,133</b>
<b>Other comprehensive income (loss)</b>		
Remeasurement of employee benefit liability [note 15]	331	(474)
<b>Total comprehensive income</b>	<b>\$ 76,695</b>	<b>\$ 62,659</b>

See accompanying notes.

## 2015 Financial Statements

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

(thousands of dollars)	2015	2014
Accumulated operating surplus		
Balance, beginning of year	\$ 130,186	\$ 67,053
Operating surplus	<u>76,364</u>	63,133
	<b>206,550</b>	130,186
Accumulated other comprehensive (loss) income		
Balance, beginning of year	(934)	(460)
Other comprehensive income (loss)	<u>331</u>	(474)
	<b>(603)</b>	(934)
Reserves		
Occupational Health and Safety Research [note 19]	<u>550</u>	550
Fund balance, end of year	<b>\$ 206,497</b>	\$ 129,802

See accompanying notes.

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

(thousands of dollars)	2015	2014
<b>Cash flow from operating activities</b>		
Cash received from:		
Employers, for assessments	\$ 206,154	\$ 182,768
Third parties	1,340	580
	<u>207,494</u>	<u>183,348</u>
Cash paid to:		
Claimants or third parties on their behalf	(133,847)	(133,952)
Suppliers and employees, for administrative and other goods and services	(47,462)	(33,972)
Investment manager, interest & other fees	(4,345)	(4,589)
	<u>(185,654)</u>	<u>(172,513)</u>
Net cash provided by operating activities	<u>21,840</u>	<u>10,835</u>
<b>Cash flows from investing activities</b>		
Cash received from:		
Interest	11,020	10,419
Dividends	21,509	19,615
Sale of investments	431,643	395,423
	<u>464,172</u>	<u>425,457</u>
Cash paid for:		
Purchase of investments	(483,723)	(425,670)
Purchase of property, plant and equipment	(659)	(804)
Purchase of intangible assets	(2,696)	(1,761)
	<u>(487,078)</u>	<u>(428,235)</u>
Net cash used for investing activities	<u>(22,906)</u>	<u>(2,778)</u>
Net change in cash and cash equivalents	(1,066)	8,057
Cash and cash equivalents		
Beginning of year	<u>46,266</u>	<u>38,209</u>
End of year	<u>\$ 45,200</u>	<u>\$ 46,266</u>

See accompanying notes.

## 2015 Financial Statements

**Notes to FINANCIAL STATEMENTS****1. NATURE OF OPERATIONS**

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

WorkplaceNL 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 WorkplaceNL 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 WorkplaceNL assessment or benefit decisions. WorkplaceNL does not receive government funding or other assistance.

The funds, investments and income of WorkplaceNL 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**

WorkplaceNL 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% [note 24].

**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 AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

#### **Significant Accounting Policies**

##### Cash and cash equivalents and short-term investments

Cash and cash equivalents and short-term investments include cash at banks and on hand, bank overdrafts and money market instruments. Those assets 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 0.85% - 1.25% [2014 - 1.25% - 1.44%].

##### 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

A provision for accrued assessments is included in accounts receivable based on historical assessment information. Actual employers' payrolls may differ from estimates. The allowance for doubtful accounts is comprised primarily of outstanding balances older than two years.

##### 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 finance 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. If an item of property, plant and equipment is determined to be impaired, its carrying value is reduced to the net recoverable amount.

##### Intangible assets

Intangible assets, which include purchased software and internally developed systems including systems not yet in service, are recorded at cost. Assets in service are amortized monthly on a straight-line basis over their estimated useful lives of ten years. The amortization method and period are reviewed at the end of each reporting period. Intangible assets are assessed for impairment whenever there is an indicator that the intangible assets may be impaired. If an asset is determined to be impaired, its carrying value is reduced to the net recoverable amount.

## 2015 Financial Statements

**3. SIGNIFICANT ACCOUNTING POLICIES AND STANDARDS ISSUED BUT NOT YET EFFECTIVE (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, as well as the estimated liability for latent occupational disease and a provision for the 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 WorkplaceNL'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 or 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 recorded as investment income in the period earned.

The fair value of publicly traded investments is based on quoted prices from security exchanges, while that of domestic real estate investment funds and pooled fund units are valued at their year-end net asset value based on associated net asset value transactions. There are pooled unit funds in both the fixed term and equity investments [Note 6].

Financial instruments

WorkplaceNL's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities. The carrying value of financial instruments, with the exception of investments, 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.

Financial assets and liabilities are initially recognized at fair value. Financial instruments are classified as follows for purposes of subsequent measurement:

**3. SIGNIFICANT ACCOUNTING POLICIES AND STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

<b>Asset/Liability</b>	<b>Classification</b>	<b>Measurement</b>
Cash and cash equivalents	FVTPL	Fair Value
Accounts receivable	Loans and receivables	Amortized cost
Investments	FVTPL	Fair value
Accounts payables and accrued liabilities	Other liabilities	Amortized cost

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. 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. WorkplaceNL determines whether transfers have occurred between levels in the hierarchy for reassessing categorization at the end of each reporting period.

Employee future benefits

Employees participate in the Province of Newfoundland and Labrador’s Public Service Pension Plan (PSPP), a multi-employer defined benefit plan. The employer’s contributions are expensed as incurred.

WorkplaceNL provides a severance payment upon retirement, resignation or termination without cause. 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 wage inflation, 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. These benefits are unfunded.

## 2015 Financial Statements

**3. SIGNIFICANT ACCOUNTING POLICIES AND STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**Third-party recoveries

In certain circumstances, under Section 45 of the *Act*, WorkplaceNL 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*, WorkplaceNL maintains a special reserve fund for the purpose of health and safety research. The *Act* permits WorkplaceNL 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*, WorkplaceNL 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 WorkplaceNL that it considers necessary.

**Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of WorkplaceNL's financial statements are disclosed below. WorkplaceNL intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is required but providing comparative information is not compulsory.

The adoption of IFRS 9 will have an effect on the classification and measurement of WorkplaceNL's financial assets, but no impact on the classification and measurement of its financial liabilities.



### 3. SIGNIFICANT ACCOUNTING POLICIES AND STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date by one year. Early adoption is permitted. WorkplaceNL does not expect any significant impact arising from the adoption of this standard.

#### IFRS 16 Leases

IFRS 16 was issued in January 2016 and is effective for periods beginning on or after 1 January 2019. An organization can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 Revenue from Contracts with Customers.

The new standard changes the classification of leases. All leases result in an organization obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognise:

- a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- b) depreciation of lease assets separately from interest on lease liabilities in the income statement.

WorkplaceNL is analyzing the impact this new standards will have on its financial statements.

#### Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016.

#### *Leases*

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### *Amendments to IAS 1 Disclosure Initiative*

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1

## 2015 Financial Statements

**3. SIGNIFICANT ACCOUNTING POLICIES AND STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

- That specific line items in the statement(s) of profit or loss and Other Comprehensive Income (OCI) and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. Early adoption is permitted. These amendments are not expected to have any impact on WorkplaceNL.

**4. SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of WorkplaceNL's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**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.

A variety of estimation techniques are used in performing the valuation. They are generally based on statistical analyses of historical experience, which assume the development pattern of the current claims will be consistent with past experience. Due to the nature of the estimated liability for latent occupational disease and the extent of historical information available, this liability is by its nature more uncertain than other benefit liabilities.

WorkplaceNL believes that the amount provided for benefit liabilities as at December 31, 2015, is adequate, recognizing that actuarial methods and assumptions as disclosed in note 14 may change over time to reflect underlying economic trends. Changes in assumptions could have a material impact on the benefit liability.

**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 WorkplaceNL, the recorded assessments revenues for the year and the estimated amounts receivable at year-end are subject to measurement uncertainty.

**4. SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)****Employee future benefits**

An actuarial valuation of severance and accumulated annual leave liabilities is prepared by an independent firm of consulting actuaries, using the assumptions disclosed in note 15. Changes in these assumptions could have a material impact on the accrued benefit obligations.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Financial instruments risk management and policies Note 8
- Sensitivity analyses disclosures Notes 14 and 15

**5. ACCOUNTS RECEIVABLE**

(thousands of dollars)	2015	2014
Assessments	\$ 8,780	\$ 9,538
Less: Allowance for doubtful accounts	(2,485)	(3,873)
	<b>6,295</b>	5,665
Accrued assessments	1,639	1,237
Other	2,264	3,188
	<b>\$ 10,198</b>	\$ 10,090

**6. INVESTMENTS****Fair Value Hierarchy**

(thousands of dollars)	2015	2014
<b>Level 1</b>		
Cash and cash equivalents	\$ 7	\$ 3
Domestic equities	351,818	365,899
Foreign equities	435,240	363,826
	<b>787,065</b>	729,728
<b>Level 2</b>		
Fixed term investments	332,839	301,190
Real Estate Funds	103,103	95,202
	<b>435,942</b>	396,392
	<b>\$1,223,007</b>	\$ 1,126,120

There have been no transfers between levels during 2015 [2014-Nil].

## 2015 Financial Statements

**7. INVESTMENT INCOME**

Investment income is comprised of the following:

(thousands of dollars)	2015	2014
Interest and dividends	<b>\$ 32,090</b>	\$ 29,298
Realized gain on sale of investments	<b>57,271</b>	29,272
Interest on short-term investments	<b>438</b>	736
Unrealized (loss) gain on change in fair market value of investments	<b>(12,474)</b>	58,676
Investment income	<b>\$ 77,325</b>	\$ 117,982

**8. FINANCIAL RISK MANAGEMENT**

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

Credit risk

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. WorkplaceNL may invest in short-term commercial debt or paper rated R1 in accordance with North American Standard Account Ratings. Provincial short-term debt and debt of agencies guaranteed by the provinces may be rated lower than R1. The short-term portfolio investments held with any one corporate issuer is limited to 10%, at any given time, of WorkplaceNL's estimated annual cash receipts.

At December 31, 2015, 79.1% [2014 – 79.1%] of the fixed income assets in the portfolio have at least an "A" credit rating or equivalent. WorkplaceNL does not anticipate that any issuers will fail to meet their obligations.

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

## 8. FINANCIAL RISK MANAGEMENT (continued)

Canadian dollar. Investments denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the reporting date. Funds significantly invested in foreign denominated fixed-term investments manage their foreign exchange exposure through forward foreign exchange and future contracts. Hedge accounting has not been applied to hedging arrangements. WorkplaceNL does not undertake hedging strategies for the currency risk of foreign equity investments.

As at December 31, 2015, WorkplaceNL's holdings in foreign equities and pooled equity funds had a market value of \$435.2 million [2014 - \$363.8 million] representing 35.6% [2014 - 32.3%] 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)	2015		2014	
10% appreciation in the Canadian dollar	<b>CAD/USD</b>	<b>CAD/EURO</b>	CAD/USD	CAD/EURO
Impact on comprehensive income	<b>\$ (25,896)</b>	<b>\$ (4,228)</b>	\$ (20,968)	\$ (3,872)

### 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. WorkplaceNL 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)	2015		2014	
Change in nominal interest rates	+50bps	+100bps	+50bps	+100bps
Impact on comprehensive income	<b>\$ (12,050)</b>	<b>\$ (23,726)</b>	\$ (10,343)	\$ (20,377)

## 2015 Financial Statements

**8. FINANCIAL RISK MANAGEMENT (continued)**

The table below represents the remaining term to maturity of WorkplaceNL'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
2015 Fair Value	<b>\$ 26,709</b>	<b>\$ 79,587</b>	<b>\$ 226,543</b>	<b>\$ 332,839</b>
2014 Fair Value	\$ 33,828	\$ 66,010	\$ 201,352	\$ 301,190

**Liquidity risk**

Liquidity risk is the risk that WorkplaceNL will be unable to meet its contractual obligations and financial liabilities. WorkplaceNL 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**

Equity price 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.

WorkplaceNL 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 WorkplaceNL's equity portfolio.

(thousands of dollars)	2015		2014	
Equities	<b>1 std dev</b>	<b>2 std dev</b>	1 std dev	2 std dev
% Change in market benchmark	<b>(9.5%)</b>	<b>(19.0%)</b>	(10.1%)	(20.3%)
Canadian equity	<b>\$ (30,560)</b>	<b>\$ (56,235)</b>	\$ (33,696)	\$ (61,710)
% Change in market benchmark	<b>(9.1%)</b>	<b>(18.2%)</b>	(8.7%)	(17.5%)
Non-Canadian equity	<b>\$ (36,339)</b>	<b>\$ (67,007)</b>	\$ (29,209)	\$ (54,076)

## 9. PROPERTY, PLANT AND EQUIPMENT

(thousands of dollars)		2015		
	Opening Balance	Additions/Depreciation	Disposals	Closing Balance
<b>Cost</b>				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Buildings	10,857	-	(13)	10,844
Furniture & equipment	2,926	22	(167)	2,781
Computer equipment	4,255	527	(567)	4,215
<b>Total</b>	<b>21,038</b>	<b>549</b>	<b>(747)</b>	<b>20,840</b>
<b>Accumulated Depreciation</b>				
Buildings	6,538	199	(8)	6,729
Furniture & equipment	2,573	62	(167)	2,468
Computer equipment	3,240	415	(561)	3,094
<b>Total</b>	<b>12,351</b>	<b>676</b>	<b>(736)</b>	<b>12,291</b>
<b>Net Book Value</b>	<b>\$ 8,687</b>	<b>\$ (127)</b>	<b>\$ (11)</b>	<b>\$ 8,549</b>

(thousands of dollars)		2014		
	Opening Balance	Additions/Depreciation	Disposals	Closing Balance
<b>Cost</b>				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Buildings	10,857	-	-	10,857
Furniture & equipment	2,893	74	(41)	2,926
Computer equipment	4,355	562	(662)	4,255
<b>Total</b>	<b>21,105</b>	<b>636</b>	<b>(703)</b>	<b>21,038</b>
<b>Accumulated Depreciation</b>				
Buildings	6,338	200	-	6,538
Furniture & equipment	2,548	66	(41)	2,573
Computer equipment	3,599	303	(662)	3,240
<b>Total</b>	<b>12,485</b>	<b>569</b>	<b>(703)</b>	<b>12,351</b>
<b>Net Book Value</b>	<b>\$ 8,620</b>	<b>\$ 67</b>	<b>\$ -</b>	<b>\$ 8,687</b>

## 2015 Financial Statements

**10. INTANGIBLE ASSETS**

(thousands of dollars)	Cost	Accumulated Amortization	Net Book Value
Balance at January 1, 2014	\$ 28,382	\$ (12,229)	\$ 16,153
Additions	1,929	-	1,929
Disposals	(75)	75	-
Amortization	-	(2,561)	(2,561)
Balance at December 31, 2014	<b>\$ 30,236</b>	<b>\$ (14,715)</b>	<b>\$ 15,521</b>
Additions	<b>2,806</b>	-	<b>2,806</b>
Disposals	<b>(1,494)</b>	<b>1,494</b>	-
Amortization	-	<b>(2,758)</b>	<b>(2,758)</b>
Closing balance, December 31, 2015	<b>\$ 31,548</b>	<b>\$ (15,979)</b>	<b>\$ 15,569</b>

Intangible assets include \$2,696,005 [2014 - \$1,761,162] related to internally developed software which is not yet in service.

**11. FEES AND INTEREST**

Fees and interest are comprised of the following:

(thousands of dollars)	2015	2014
Fund managers' investment fees	<b>\$ 4,688</b>	\$ 4,193
Banking fees	<b>96</b>	97
Bad debt (recovery) expense	<b>(516)</b>	279
Interest paid to claimants	<b>77</b>	20
Fees and interest, net	<b>\$ 4,345</b>	\$ 4,589

WorkplaceNL 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 2015. No amount was outstanding at December 31, 2015 and 2014.



## 2015 Financial Statements

**12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

(thousands of dollars)	2015	2014
Accounts payable	<b>\$ 5,754</b>	\$ 8,116
PRIME program due to employers	<b>18,545</b>	19,612
Amounts due to employees	<b>832</b>	777
Credit balances due to employers	<b>4,450</b>	6,007
	<b>\$ 29,581</b>	\$ 34,512

**13. ASSESSMENTS REVENUE**

WorkplaceNL 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 WorkplaceNL’s injury fund, whereas self-insured employers are individually liable. WorkplaceNL 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)	2015	2014
Gross assessed employers	<b>\$ 211,003</b>	\$ 185,449
Assessment reporting penalties & interest	<b>1,057</b>	1,304
PRIME refunds	<b>(15,535)</b>	(16,531)
Net assessment revenue	<b>196,525</b>	170,222
Self-insured employers [note 22]	<b>9,737</b>	9,922
Total	<b>\$ 206,262</b>	\$ 180,144

**14. BENEFIT LIABILITIES AND CLAIMS COSTS**

	2015					2014		
	(thousands of dollars)							
	Short-term disability	Long-term disability	Survivor benefits	Health care	Rehabilitation	Future Admin. Cost	Total	Total
Balance, beginning of year	\$ 54,186	\$ 552,905	\$ 53,938	\$ 290,550	\$ 3,019	\$ 81,141	\$ 1,035,739	\$ 983,300
Add:								
Claims costs incurred:								
Current-year injuries	26,853	31,604	350	29,603	912	5,999	95,321	99,003
Prior years' injuries	598	3,789	384	2,129	33	-	6,933	7,122
Interest expense	2,673	32,105	3,097	16,835	159	4,663	59,532	61,158
	30,124	67,498	3,831	48,567	1,104	10,662	161,786	167,283
Deduct:								
Claims payments:								
Current-year injuries	9,571	336	127	8,755	2	-	18,791	19,355
Prior years' injuries	21,448	55,576	6,606	30,566	860	9,190	124,246	123,732
	31,019	55,912	6,733	39,321	862	9,190	143,037	143,087
Actuarial adjustments:								
Claims experience different than expected	2,987	733	1,018	(6,794)	(289)	18	(2,327)	(4,857)
Inflation lower than expected	-	(6,600)	(500)	-	-	-	(7,100)	(9,900)
Change in inflation assumption	300	2,900	100	6,100	-	800	10,200	17,800
Change in mortality assumptions	-	300	(400)	1,600	-	100	1,600	17,300
EEL Terminations	-	(13,100)	-	-	-	(1,100)	(14,200)	-
Extend duration medical payments	-	-	-	14,900	-	1,300	16,200	-
Other gains/losses	(100)	4,000	(400)	(1,800)	-	(700)	1,000	7,900
Sub-total	3,187	(11,767)	(182)	14,006	(289)	418	5,373	28,243
Balance, end of year	\$ 56,478	\$ 552,724	\$ 50,854	\$ 313,802	\$ 2,972	\$ 83,031	\$ 1,059,861	\$ 1,035,739

#### 14. 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 2007-2015. 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 WorkplaceNL 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	2014	2015	Total
<b>Estimate of cumulative claims:</b>										
At end of year of accident	\$ 139,691	\$ 149,568	\$ 186,721	\$ 147,535	\$ 154,019	\$ 143,904	\$ 145,693	\$ 148,491	\$ 140,932	
One year later	127,031	139,326	166,238	142,380	133,805	133,430	134,943	143,386		
Two years later	126,662	132,818	167,506	141,823	142,895	124,360	127,156			
Three years later	132,010	134,934	170,448	140,343	136,185	129,804				
Four years later	136,412	137,089	170,422	144,340	133,363					
Five years later	135,433	134,095	167,565	146,523						
Six years later	131,799	134,298	174,176							
Seven years later	135,249	134,321								
Eight years later	135,094									
Estimate of cumulative claims	135,094	134,321	174,176	146,523	133,363	129,804	127,156	143,386	140,932	1,264,755
Cumulative payments	(66,924)	(64,711)	(66,719)	(61,188)	(55,358)	(46,793)	(41,356)	(36,098)	(17,233)	(456,380)
Estimate of future Payments	68,170	69,610	107,457	85,335	78,005	83,011	85,800	107,288	123,699	808,375
2006 and prior years										910,344
Effect of discounting										(814,247)
Latent occupational disease										72,358
Claims Administration										83,031
<b>Benefit Liabilities at December 31, 2015</b>										<b>\$ 1,059,861</b>

## 2015 Financial Statements

**14. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)**

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

	2015		2014	
	CPI-Indexed awards	Other payments	CPI-Indexed awards	Other payments
Gross rate of return	<b>5.83%</b>	<b>5.83%</b>	6.09%	6.09%
Inflation year 1	<b>1.50%</b>	<b>2.25%</b>	1.40%	2.50%
Inflation later years	<b>2.25%</b>	<b>2.25%</b>	2.50%	2.50%
Net rate of return year 1	<b>4.26%</b>	<b>3.50%</b>	4.62%	3.50%
Net rate of return later years	<b>3.50%</b>	<b>3.50%</b>	3.50%	3.50%
Occupational disease	<b>8.00%</b>	<b>8.00%</b>	8.00%	8.00%
Future Administration	<b>8.50%</b>	<b>8.50%</b>	8.50%	8.50%

A description of the processes used to determine these assumptions is provided below:

General statement

Benefit liabilities are valued based on the primary assumption that the system will be in operation for the long term. Economic assumptions are formulated to be consistent with the funding and investment policies adopted by the Board. Demographic assumptions are chosen to reflect WorkplaceNL's underlying experience and are updated over time as enough experience is available to suggest an underlying trend, rather than statistical fluctuations.

Gross rate of return

The gross rate or return represents the best estimate of the long term average rate of return that can be expected based on the benchmark asset allocation adopted WorkplaceNL through its long term investments policy. The weighted average real rate of return is compounded by the long-term expected average inflation rate to obtain the gross rate of return.

Inflation

The indexation rate for year one is known at the time of the valuation. WorkplaceNL calculates the change in the Consumer Price Index (CPI) for the 12 month period July – June, over the previous 12-month period July – June, and any resulting increase is applied beginning in January of the following year to dependency benefits, extended earnings loss benefits, maximum compensable earnings and assessable earnings, pursuant to the WHSC Act. The inflation rate assumption for later years is management best estimate, consistent with the range of accepted actuarial practice for worker's compensation organizations in Canada.

Net Rate of return

The net rate of return is the result of removing the inflation assumption from the gross rate of return.

#### 14. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)

##### Mortality

The mortality rates used in the valuation of the benefit liabilities are based on general population experience, since actual injured worker mortality data is inadequate to develop a reliable assumption. The current valuation is based on the Newfoundland Life Table 2009-11 from Statistics Canada.

##### Occupational Disease

The liability for occupational disease is intended to provide a reasonable allowance for future claims for known occupational diseases which arise from past workplace exposures. An actuarial study of WorkplaceNL's occupational disease exposure is conducted periodically, focussing on long latency claims related to cancers, respiratory illnesses and hearing loss. These categories comprise the majority of long latency occupational disease claims accepted by WorkplaceNL. The most recent study was conducted in 2014 and concluded that reasonable range would be 7.5%-9.5% of the benefit liability. WorkplaceNL has included a provision of 8.0% of the benefit liability for latent occupational disease [2014 – 8%].

##### Future Administration

The future administration liability is intended to provide a reasonable allowance for the management of claims, including compensation for lost wages and paying for health care services over the life of the claim. A detailed analysis of administration costs is performed periodically and an estimate made of the proportion attributable to the management of claims, including a proportionate share of overhead costs. The last review was conducted in 2012 and concluded that an allowance of 8.5% of the benefit liability was reasonable.

##### Sensitivity of Insurance risk

In determining WorkplaceNL's benefit liabilities, a primary risk is that the actual benefit payments may exceed the amount estimated in determining the liabilities, particularly with potentially long claims run-off periods. 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	<b>\$ 94.5</b>	<b>\$ 5.5</b>
Increase inflation rate	Increase	<b>\$ 45.8</b>	<b>\$ 3.4</b>
Increase health care inflation	Increase	<b>\$ 42.6</b>	<b>\$ 1.9</b>

##### Claims risk

WorkplaceNL has an objective to manage claims risk, which can lead to significant variability in the loss experience due to its inherent uncertainty. Performance from operations is also significantly affected by external factors.

Insurance risk associated with the volume and cost of claims is addressed through prevention and proactive claims management. The Prevention Strategy focuses attention on workplace risks that lead

## 2015 Financial Statements

**14. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)**

to the highest frequency of claims. WorkplaceNL provides a Priority Employer Program to assist employers with high claims and costs, and invests in educating young workers, developing safety associations at the industry level, and delivering safety education to employers and workers to control workplace risks. The Early and Safe Return to Work (ESRTW) process facilitates recovery at work and helps manage claim costs. In addition, the rate setting model provides incentives to employers through the PRIME program to manage injuries and work to prevent future injuries.

**15. EMPLOYEE FUTURE BENEFITS**
**Public Service Pension Plan**

WorkplaceNL is neither obligated for any unfunded liability, nor entitled to any surplus that may arise in this plan. WorkplaceNL's share of the future contributions are dependent upon the funded position of the PSPP. WorkplaceNL's contributions to the PSPP of \$2,304,600 [2014 - \$1,740,800] are included in administration expenses and have been expensed as incurred.

During the year ended December 31, 2015 changes were made to the PSPP by the plan administrators including an increase in retirement ages, changes to post retirement indexing, and increased contributions from both the PSPP members and WorkplaceNL. These changes were effective January 1, 2015.

**Severance payments and annual leave**

WorkplaceNL 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 11.9 years (2014 – 11.1). In 2015, cash payments to retirees were \$401,000 [2014 - \$317,000].

The last actuarial valuation was performed effective December 31, 2015. The next actuarial valuation will be performed as at December 31, 2018.

(thousands of dollars)	2015	2014
Accrued benefit obligation, beginning of year	<b>\$ 6,631</b>	\$ 5,827
Current service cost	<b>427</b>	375
Interest cost	<b>258</b>	272
Actuarial loss (gain)	<b>(331)</b>	474
	<b>6,985</b>	6,948
Benefits paid	<b>(401)</b>	(317)
Accrued benefit obligation, end of year	<b>\$ 6,584</b>	\$ 6,631

## 2015 Financial Statements

**15. EMPLOYEE FUTURE BENEFITS (continued)**

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

	<b>2015</b>	<b>2014</b>
Discount rate – benefit cost	<b>3.75%</b>	4.50%
Discount rate – accrued benefit obligation	<b>3.80%</b>	3.75%
Rate of compensation increase	<b>3.00%</b>	3.00%

The table below shows the sensitivities of the accrued benefit obligation to a 25 basis point change in the key assumptions:

(thousands of dollars)	<b>Increase</b>	<b>Decrease</b>
Discount Rate	<b>\$ (185)</b>	<b>\$ 193</b>
Rate of compensation increase	<b>\$ 194</b>	<b>\$ (187)</b>

**16. ADMINISTRATION**

(thousands of dollars)	<b>2015</b>	2014
Salaries and employee benefits	<b>\$ 28,603</b>	\$ 27,499
Office and communications	<b>3,039</b>	2,758
Professional fees	<b>1,598</b>	1,915
Building operations	<b>1,261</b>	939
Travel and vehicle operating	<b>622</b>	575
	<b>35,123</b>	33,686
Less: Claims administration [note 14]	<b>9,190</b>	9,135
	<b>\$ 25,933</b>	\$ 24,551

## 2015 Financial Statements

**17. LEGISLATED AND OTHER OBLIGATIONS**

WorkplaceNL 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. WorkplaceNL is required to fund the operating costs of the employer and worker advisor positions. Total expenses incurred by WorkplaceNL for legislated obligations are detailed below:

(thousands of dollars)	<b>2015</b>	2014
Service NL	<b>\$ 4,854</b>	\$ 5,246
Workplace Health, Safety and Compensation Review Division	<b>1,247</b>	1,070
Employer and Worker Advisors	<b>972</b>	826
Statutory Review on WorkplaceNL	<b>79</b>	185
	<b>\$ 7,152</b>	\$ 7,327

**18. OTHER EXPENSES**

(thousands of dollars)	<b>2015</b>	2014
Sectoral advisors and grants	<b>\$ 148</b>	\$ 153
Business improvement projects	<b>392</b>	297
	<b>\$ 540</b>	\$ 450

**19. RESERVES**

As provided by legislation, WorkplaceNL maintains a reserve for funding studies, projects and research relating to the enhancement of occupational health and safety in the workplace. During 2015, no amount was charged to the reserve [2014 - Nil].



## 20. RELATED PARTY TRANSACTIONS

These financial statements include amounts resulting from normal operating transactions with various provincial government departments, agencies, and Crown corporations with which WorkplaceNL 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.

The amounts included in Note 22 and on the statement of operations for the Province of Newfoundland and Labrador are as follows:

(thousands of dollars)	2015	2014
Claims costs	<b>\$ 3,314</b>	\$ 3,621
Administration	<b>491</b>	487
Revenue	<b>\$ 3,805</b>	\$ 4,108

WorkplaceNL has identified the Board of Directors and Senior Management team as related parties. The Senior Management team includes the Chief Executive Officer, Chief Financial and Information Officer, Executive Directors and four other Senior Staff members. Compensation related to these parties is shown below:

(thousands of dollars)	2015		2014	
	Number	Total	Number	Total
Board of Directors				
Salary and Benefits	<b>10</b>	<b>\$ 122</b>	10	\$ 128
Senior Management				
Salary and Benefits	<b>8</b>	<b>\$ 1,270</b>	9	\$ 1,228
Severance and annual leave		<b>\$ 38</b>		\$ 37

## 21. INDUSTRY LEVY

WorkplaceNL 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 \$1,672,000 [2014 - \$1,416,000] and are not included in the statement of operations.

## 2015 Financial Statements

**22. 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:

(thousands of dollars)	<b>2015</b>	2014
Claims costs incurred:		
Short-term disability	<b>\$ 838</b>	\$ 911
Long-term disability	<b>3,798</b>	3,988
Survivor benefits	<b>385</b>	499
Health Care	<b>2,676</b>	2,642
Administration charges	<b>2,040</b>	1,882
Revenue from self-insured employers [note 13]	<b>\$ 9,737</b>	\$ 9,922

**23. COMMITMENTS**

WorkplaceNL has entered into operating leases for office premises with lease terms between three and five years with the option to renew for additional terms of three to five years.

Future minimum rentals payable under non-cancellable operating leases as at December 31, 2015 are, as follows:

(thousands of dollars)	<b>2015</b>	2014
Within one year	<b>\$ 241</b>	\$ 241
After one year but not more than five years	<b>306</b>	547
Non-cancellable operating leases	<b>\$ 547</b>	\$ 788

**24. CAPITAL MANAGEMENT**

The objective of WorkplaceNL'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. WorkplaceNL'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, 2015 the funded ratio was 118.8% [2014 – 112.0%]. The Fund balance consists of accumulated net operating surplus, accumulated other comprehensive income and the occupational health, safety and research reserve.

**24. CAPITAL MANAGEMENT (continued)**

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% or more than 120%, WorkplaceNL will adjust assessment rates paid by employers over a fifteen-year period to achieve the funding target. WorkplaceNL's assessment rates for 2014 and 2015 included an upward adjustment of \$0.25 per \$100 of payroll.

**Funded Position**

(thousands of dollars)	2015	2014
Total assets	\$ 1,302,523	\$ 1,206,684
Less: Total liabilities	1,096,026	1,076,882
Funded position	\$206,497	\$129,802
Reserves	\$ 550	\$ 550
Funded ratio	118.8%	112.0%

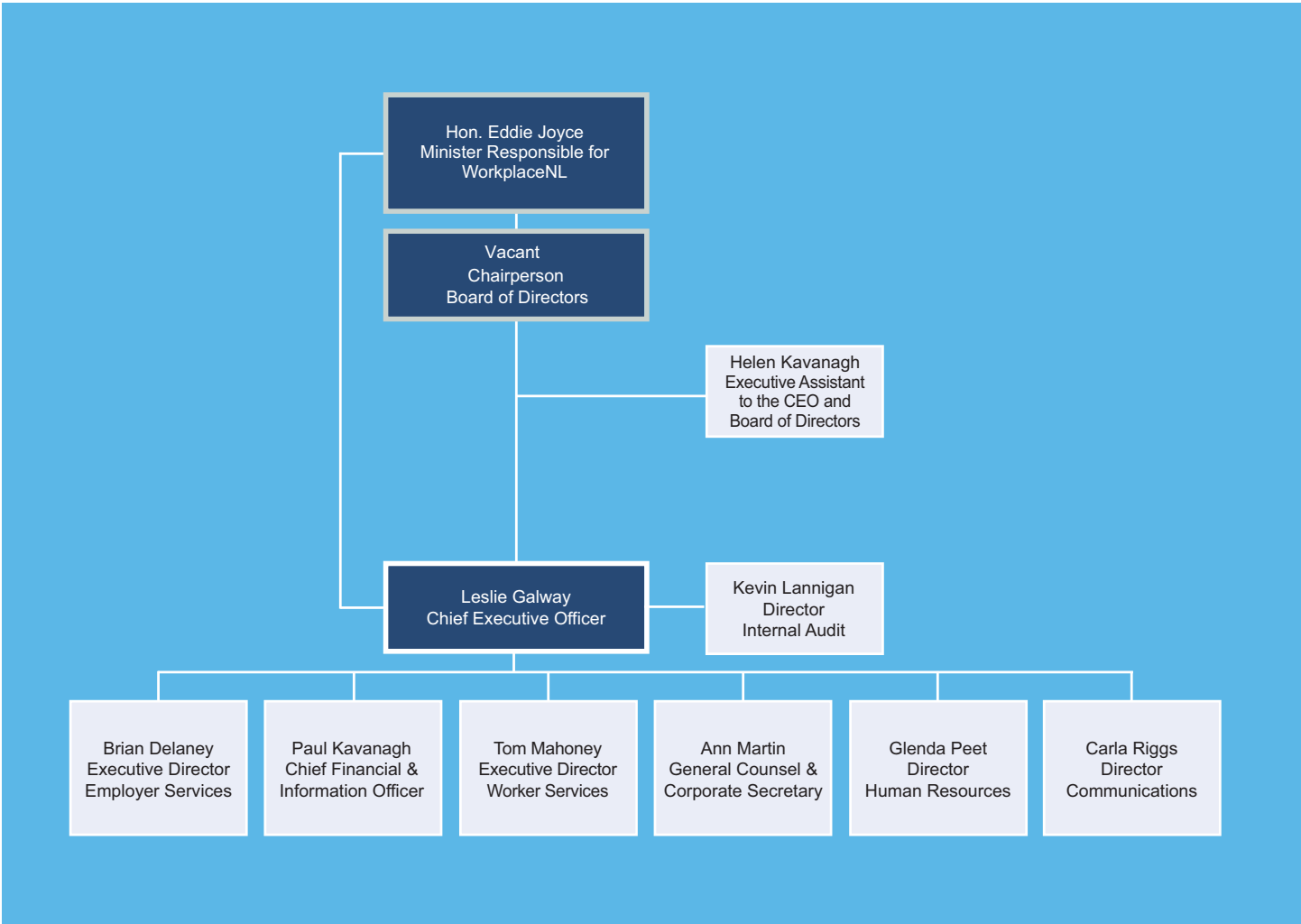
**25. CONTINGENT LIABILITY**

On February 18, 2014, pursuant to an application for judicial review of a Worker's Compensation Review Division decision, the Newfoundland and Labrador Supreme Court, Trial Division, ruled that WorkplaceNL could not apply the Maximum Compensable and Assessable Earnings (MCAE) limit to the calculation of Pension Replacement Benefits (PRB), since the Workplace Health, Safety and Compensation Act (the Act) did not specifically state that the limit applies to PRB awards, unlike the sections for other benefits. Removal of the MCAE limit will lead to higher PRB awards, and consequently higher liabilities, for those claimants where the limit was applied in their PRB calculation. WorkplaceNL appealed this decision, and on November 20, 2014, the Newfoundland and Labrador Court of Appeal upheld the decision. In January 2015 WorkplaceNL filed a leave to appeal this decision to the Supreme Court of Canada, which was denied. WorkplaceNL has recognized a liability of \$7.6 million in relation to this matter which is reflected in other gains/losses in the benefits liability at December 31, 2015 [Note 14].

Five-Year History  
 December 31, 2015

**Statement of Operations and Fund Surplus (Deficiency)  
 for the Years Ending December 31**

(thousands of dollars)	2015	2014	2013	2012	2011
Revenue					
Assessments	<b>\$ 206,262</b>	\$ 180,144	\$ 201,148	\$ 197,488	\$ 188,367
Investment income (loss)	<b>77,325</b>	117,982	140,131	82,634	(11,602)
Third-party recoveries	<b>1,340</b>	580	1,123	838	1,049
	<b>284,927</b>	298,706	342,402	280,960	177,814
Expenses					
Claims costs incurred	<b>161,786</b>	167,283	161,607	225,001	158,804
Administration	<b>25,933</b>	24,551	24,668	26,166	25,088
Legislated obligations	<b>7,152</b>	7,327	7,814	7,624	6,952
Amortization	<b>3,434</b>	3,130	2,931	2,664	2,491
Fee and interest	<b>4,345</b>	4,589	3,880	3,749	3,245
Actuarial adjustments	<b>5,373</b>	28,243	(7,158)	25,069	1,495
Other	<b>540</b>	450	185	592	1,520
	<b>208,563</b>	235,573	193,927	290,865	199,595
Surplus (Deficit) for the year	<b>76,364</b>	63,133	148,475	(9,905)	(21,781)
Fund surplus (deficiency), beginning of year	<b>129,252</b>	66,593	(82,343)	(72,190)	(50,409)
Reserve balance, beginning of year	<b>550</b>	550	550	560	640
Total fund surplus (deficiency), beginning of year	<b>129,802</b>	67,143	(81,793)	(71,630)	(49,769)
Surplus (Deficit) for the year	<b>76,364</b>	63,133	148,475	(9,905)	(21,781)
Appropriation of reserve fund	-	-	-	(10)	(80)
Other comprehensive income (loss)	<b>331</b>	(474)	461	(248)	-
Total fund balance, end of year	<b>\$ 206,497</b>	\$ 129,802	\$ 67,143	\$ (81,793)	\$ (71,630)





**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