

2019

Annual
Performance
Report



WorkplaceNL

Health | Safety | Compensation



WorkplaceNL

Health | Safety | Compensation

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Message from the Board Chair

On behalf of the Board of Directors, I hereby submit WorkplaceNL's 2019 Annual Performance Report in accordance with the Provincial 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 Annual Performance Reports for Category 1 Government Entities.

The report presents the achievements and outcomes of WorkplaceNL's 2019 objectives as well as goals and indicators as outlined in the 2017-19 strategic plan. The report also highlights future opportunities to support the organization's commitment to providing services to injured workers and dependents, employers, and the public through the administration of the **Workplace Health, Safety and Compensation Act** (the Act).

My signature is indicative of the Board of Directors' accountability for the preparation of this report and the achievement of the objectives and goals as reported.

The Board of Directors continues to work with our stakeholders to meet the needs of workers and employers while maintaining a sustainable provincial workplace injury compensation system.

The employer-funded, no-fault workplace injury compensation system provides benefits to injured workers. The Injury Fund remains fully-funded at 123.4 per cent. The average assessment rate paid by employers for 2020 remained at \$1.69, which includes a temporary \$0.21 discount to reduce the surplus in the Injury Fund. The average assessment rate is now 31 per cent lower than five years ago. The lost-time injury rate is at 1.6 per 100 workers. As well, the maximum earnings used to calculate wage-loss compensation benefits for injured workers is the highest in Atlantic Canada at \$66,980, providing more to injured workers.

The Board of Directors approved \$1.5 million, over five years, for the Canadian Manufacturers and Exporters NL Division to create a manufacturing and processing safety sector council, with a sub-committee for fish processing. Together, the manufacturing and fish processing sectors had workplace injury claims of \$13.4 million in 2018, and \$53.7 million in five years. After much collaboration, employer and labour representatives are coming together to focus on safety in those industries.



In December 2019, the Minister Responsible for WorkplaceNL announced a statutory review of the system in 2020 along the themes of: efficiencies in review processes; equity in the provision of benefits; and financial sustainability. Feedback provided by stakeholders and the public during these regular reviews help us to improve operations and client service.

I thank all workplace parties and stakeholders, and the Board of Directors, as well as management and staff of WorkplaceNL for their steadfast commitment to improving workplace health and safety in our province.

A handwritten signature in black ink that reads "John Peddle".

John Peddle, ICD.D
Chair, Board of Directors, WorkplaceNL

At a Glance

	2019	2018	2017	2016	2015
Incidence Rate^{1,8}	1.6	1.6	1.5	1.5	1.5
Soft-tissue Incidence Rate⁸	1.1	1.0	1.0	1.0	1.0
Short-term Disability Claims^{2,8,9}	3,720	3,522	3,386	3,601	3,640
Health Care Only Claims^{2,3,8}	1,651	1,697	1,561	1,621	1,456
Accepted Fatality Claims⁴	26	36	25	13	24
Accidents	10	4	5	5	7
Occupational Disease	16	32	20	8	17
Short-term Claims Duration⁵	45	40	40	39	37
Average Assessment Rate⁶	1.69	1.90	2.06	2.20	2.45
Registered Employer Accounts	17,931	18,402	18,660	19,011	19,144
Employer Assessments (\$ million)⁷	128.4	144.7	155.9	173.6	196.5
Claims Costs (\$ million)⁷	183.1	160.9	155.7	152.7	154.1
Fund Balance (\$ million)	301.8	237.5	362.5	291.1	206.5
Funded Ratio (%)	123.4	119.5	131.6	126.1	118.8

For additional details on WorkplaceNL's key financial and operational statistics, please refer to the Management Discussion and Analysis and the 2019 Financial Statements.

1. Number of lost-time claims per 100 workers employed.
2. The number of new claims reported, accepted, and paid up to March 31 of the following calendar year. Health care only claims do not involve lost time from work.
3. Correction of historical record. WorkplaceNL identified a system issue which resulted in an incorrect count of health care only claims for 2016. The count has been adjusted to 1,621 from 1,562 as previously reported.
4. Accepted fatality claims are the total number of fatalities that were accepted in that calendar year.
5. 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.
6. Average assessment rate is the rate actually charged per \$100 of payroll.
7. Claims costs and employer assessments for 2015 to 2017 were restated in 2018 due to changes in the presentation in the financial statements for self-insured employers. Claims costs include current year payments plus expected future payments for all injuries occurring and accepted in the year, excluding actuarial adjustments.
8. In 2016, WorkplaceNL reverted to reporting actuals, from projections, for the incidence rates, the number of short-term disability claims, and the number of health care only claims.
9. Correction of historical record. WorkplaceNL identified a system issue which resulted in an incorrect count of short-term disability claims for 2015 to 2017. The counts have been adjusted to 3,640 from 3,594 for 2015; 3,601 from 3,560 for 2016; and 3,386 from 3,356 for 2017 as previously reported.

WorkplaceNL has a steadfast commitment to improving workplace health and safety.

Overview

WorkplaceNL administers a mandatory, employer-funded, no fault work-injury insurance system. More specifically, WorkplaceNL promotes safe and healthy workplaces, in addition to providing return-to-work programs and benefits to injured workers and their dependents, based on reasonable assessments collected from employers.

The Meredith Principles are the foundation of all Canadian workplace compensation systems and include:

- No fault compensation, which means workers are paid benefits regardless of how the injury occurred.
- Collective liability, so that the total cost of the compensation system is shared by all employers.
- Security of payment, with a fund established to guarantee that compensation will be available for injured workers when they need it.

- Exclusive jurisdiction, which means only workers' compensation organizations provide workers' compensation insurance.
- Independent Board, that is autonomous and financially independent of governments or any special interest group.



WorkplaceNL serves approximately 17,500 employers and 13,000 injured workers annually which includes individuals receiving both temporary and extended wage loss benefits as well as medical aid benefits. In 2019, there were approximately 5,397 new claims accepted and paid (53 per cent male, 47 per cent female). Offices are located in St. John's, Grand Falls-Windsor, and Corner Brook with 380 employees. Seventy-seven per cent of the staff complement was female and 23 per cent male.

WorkplaceNL Staff Positions

Region	Number of Employees	Vacancies	Total
St. John's	308	23	331
Grand Falls-Windsor	20	0	20
Corner Brook	27	2	29
Total	355	25	380

Total Revenue (\$ millions)

\$329.8
2019

Total Expenses (\$ millions)

\$265.5
2019

WorkplaceNL adheres to its funding and investment policies. In 2019, WorkplaceNL's total revenue was \$329.8 million. This includes \$128.4 million in assessment revenue, \$197.2 million in investment income, and \$4.2 million in third party recoveries and administrative fees paid by self-insured employers.

WorkplaceNL's total expenses in 2019 were \$265.5 million. Benefits for injured workers are the most significant component of WorkplaceNL's expenses, which comprises 82 per cent of expenses, while administration expenses are approximately 9 per cent. WorkplaceNL's Injury Fund remains fully-funded at 123.4 per cent.

Please visit WorkplaceNL's [website](#) for details on its mandate and lines of business.

Board of Directors

In accordance with the Act, the Board of Directors consists of ten members appointed by the Lieutenant-Governor in Council, including the chair and representatives of employers, workers, and the public. Members continue to serve until re-appointed or replaced. The Board is also required to have two non-voting members: the Chief Executive Officer of WorkplaceNL and an employee of the Provincial Government designated by the Minister Responsible for WorkplaceNL.

Chairperson

John Peddle (three-year term, appointed Chairperson September 13, 2017)

Members representative of workers:

Greg Pretty (three-year term, re-appointed September 13, 2017)

Wayde Rowsell (three-year term, appointed July 7, 2018)

Jerry Vink (three-year term, appointed September 13, 2017)

Members representative of employers:

Victoria Belbin (three-year term, appointed September 13, 2017)

David Loveys (three-year term, appointed September 13, 2017)

Greg Viscount (three-year term, re-appointed September 13, 2017)

Members representative of the public

Lana Collins (three-year term, appointed April 4, 2019)

Paula Corcoran (three-year term, appointed September 13, 2017)

Anne Fagan (three-year term, appointed April 4, 2019)

Non-voting members

Dennis Hogan, Chief Executive Officer, WorkplaceNL

Alan Doody, Assistant Deputy Minister, Government Services Branch, Service NL

Highlights and Partnerships

Collaboration, communication, and sound working relationships with clients, stakeholders, and partners are critical to the success of WorkplaceNL's operations. WorkplaceNL works with the Occupational Health and Safety (OHS) Division of Service NL to develop education and training programs respecting workplace health and safety. WorkplaceNL also works closely with stakeholder groups that represent workers and employers. In addition, partnerships have been developed with industry associations, government departments, agencies, unions, safety sector councils, and community groups, as well as health and safety coalitions at both provincial and national levels.

Through a partnership approach, in 2019 WorkplaceNL:

- Implemented a new retirement benefit based on extended earnings loss benefits from WorkplaceNL for more workers, effective January 1, 2019.
- Increased the maximum burial coverage for work-related deaths from \$5,000 to \$10,000, effective January 1, 2019.
- Provided presumptive post-traumatic stress disorder (PTSD) coverage for all workers, effective July 1, 2019.
- Launched a new public [website](#) that is more accessible, uses clear language, and can be viewed on mobile devices.
- Developed a Writing Style Guide to provide WorkplaceNL employees with best practices on general writing standards as well as the use of clear and inclusive language.
- Hosted WorkplaceNL's 2019 Health and Safety Learning Symposia in St. John's and Corner Brook, increasing the number of participants than in previous years.
- Sustained the lost-time injury rate which has remained steady over the past five years, ranging between 1.5 and 1.6 per 100 workers.
- Ensured the Injury Fund remained fully-funded, at 123.4 per cent at December 31, 2019.
- Continued the temporary \$0.21 discount which lowered the assessment rate for employers to \$1.69 per \$100 payroll – a 31 per cent reduction in five years.
- Offered approximately 350 workshops, webinars, and presentations for over 11,000 workers and employers.



- Increased advisory services to high-injury workplaces by 10 per cent, which involved guidance on health and safety program development, adopting leading safety practices, training supervisors and safety staff, and strengthening OHS Committees.
- Continued helping injured workers receive their benefits – the average time to first payment was 14.75 days and 96 per cent of claimant payments were issued by direct deposit.
- Provided \$1.5 million, over five years, to the Canadian Manufacturers and Exporters NL Division (CME NL) to create a Manufacturing and Processing Safety Sector Council (MPSCC), including a sub-committee for fish processing.
- Developed new guides and webinars to help employers prepare for changes in the OHS Regulations to address worker-on-worker violence and workplace harassment, effective January 1, 2020.

Collaboration is a fundamental pillar of operations. WorkplaceNL works closely with stakeholder, safety, and community partners to improve client service and help prevent workplace injury or illness. Key partners include organizations such as:

- Association for New Canadians
- Association of Workers' Compensation Boards of Canada
- Canadian Centre for Occupational Health and Safety
- Canadian Mental Health Association
- Canadian Mental Health Association – Newfoundland and Labrador Division
- Canadian National Institute for the Blind
- Coalition of Persons with Disabilities Newfoundland and Labrador
- Consumers' Health Awareness Network Newfoundland and Labrador
- Department of Advanced Education, Skills and Labour
- Department of Education and Early Childhood Development
- Department of Transportation and Works
- Eastern Health
- Forestry Safety Association of Newfoundland and Labrador
- Human Resource Secretariat, Executive Council
- Manufacturing and Processing Safety Sector Council
- Newfoundland and Labrador Construction Safety Association
- Newfoundland and Labrador Employers' Council
- Newfoundland and Labrador Federation of Labour
- Newfoundland and Labrador Fish Harvesting Safety Association
- Newfoundland and Labrador Occupational Health and Safety Association
- Occupational Health and Safety Division, Service NL
- Royal Canadian Mounted Police
- Royal Newfoundland Constabulary
- Safety NL
- Threads of Life
- Western Health

Report on Performance

This year marks the end of WorkplaceNL's 2017-19 strategic plan. When developing that plan, in keeping with the **Transparency and Accountability Act**, WorkplaceNL identified strategic issues and created three-year goals that help achieve the organization's mandate. To achieve these goals, objectives were established for each of the three years, to assist WorkplaceNL in reaching its multi-year goals at the end of the 2017-19 reporting cycle.

In WorkplaceNL's 2017-19 strategic plan, there were four issues identified as priorities:

1. Financial Sustainability
2. Prevention – Leadership in Prevention through Collaboration and Innovation
3. Claims Management – Facilitating Recovery at Work
4. Client Service – Partners in Client Service

As this annual performance report represents the end of the 2017-19 planning cycle, WorkplaceNL is required to report on the progress of its three-year goals. The Report on Performance section of this report includes results achieved toward the three-year goals, as well as the year three (2019) objectives, for each strategic issue.

Strategic Issue 1: Financial Sustainability

The financial sustainability of the workers' compensation insurance system is contingent upon sound financial management of the Injury Fund; preventing workplace injuries; providing accessible, timely care to injured workers in a cost-effective manner; and collectively supporting injured workers and employers to facilitate recovery at work.

2017-19 Results for Goal 1

The following section provides results of the three-year goal which describes WorkplaceNL's efforts to ensure financial sustainability. Given that payments of the majority of benefits for injured workers extend many years into the future, WorkplaceNL has established a long-term financial strategy to maintain a funded position that will provide for the security of benefits promised to injured workers within employers' reasonable ability to pay. Under the strategy, WorkplaceNL will strive to maintain a funded ratio between 100 and 120 per cent, with a target of 110 per cent. As of December 31, 2019, the Injury Fund remained fully-funded at 123.4 per cent, which due to investment performance, exceeded the targeted range. When the funded position is outside the targeted range, WorkplaceNL adjusts assessment rates paid by employers. A temporary discount in assessment rates was implemented for 2019 and remains in place for 2020 in an effort to return the funded ratio to the 110 per cent target over a 15-year period.

2017-19 Goal 1:	By December 31, 2019, WorkplaceNL will have ensured long-term financial sustainability by achieving a funded ratio between 100 and 120 per cent.
Indicator G1.1	2017-19 Results
Implemented measures to improve cost-effectiveness of service delivery	<p>Providing technology-based solutions leads to better service delivery through easier access for clients, improved data quality, and faster reporting and processing times. From the perspective of employers, enhancing technology to reduce the complexity and time it takes to comply with requirements or to receive a service, has improved cost-effectiveness. WorkplaceNL implemented the following technology-based solutions:</p> <ul style="list-style-type: none"> • Upgraded online services as technologies were retired, to ensure the services remain fully-supported and easy-to-use. • Implemented a self-service feature to allow employers to register online for connect, WorkplaceNL's online services portal. • Enhanced promotion of online services to encourage employers, vendors, and health care providers to use the available services. • Introduced mandatory online reporting for employers. • Improved the online Certification Training Registry (CTR) to make it easier to use and added two new course offerings: the OHS Committee Recertification course and the Young Worker Safety course. • Automated pension payments to improve efficiency for clients and to strengthen internal controls.
Indicator G1.2	2017-19 Results
Achieved annual investment returns greater than the benchmark policy return	WorkplaceNL achieved annual investment returns greater than the benchmark policy return in two of the three years in this strategic planning cycle. However, for the 2017-19 period, WorkplaceNL's overall investment returns fell slightly short of the benchmark (i.e., the Injury Fund returned 7.4 per cent compared to the benchmark portfolio policy return of 7.6 per cent). This was primarily due to a focus on lowering the overall risk of the investment portfolio and on the preservation of capital.
Indicator G1.3	2017-19 Results
Achieved a four-year investment return greater than the actuarial discount rate	<p>As of December 31, 2019, WorkplaceNL achieved a four-year investment return of 7.7 per cent, which exceeded the actuarial discount rate of 5.8 per cent.</p> <p>The actuarial discount rate reflects what the Injury Fund's assets can reasonably be expected to earn over the long term. It is used to determine the present value of the workers' compensation benefit liability. When the investment returns exceed the discount rate, the security of injured worker benefits is enhanced.</p>

Indicator G1.4	2017-19 Results
Continued to communicate the impact of new accounting and actuarial standards to stakeholders	WorkplaceNL is required to prepare its financial statements in accordance with International Financial Reporting Standards (IFRS). WorkplaceNL assesses the impact that proposed changes to accounting and actuarial standards may have on its financial results, and communicates to stakeholders through the annual reporting process and the WorkplaceNL Annual Board and Stakeholder Business Forum. The most recent forum was held in September 2019.

2019 Objective Results for Goal 1

The following section provides results of the 2019 objective which describes WorkplaceNL's efforts to complete a review of prevention and claims management approaches to identify future improvements.

2019 Objective 1:	By December 31, 2019, WorkplaceNL will have completed a review of prevention and claims management approaches to identify future improvements.
Indicator 1.1	2019 Results
Investigated options to improve and modernize employer and claims management practices	<p>A review of employer management practices concluded in 2019 and identified improvements for business processes. WorkplaceNL assessed an employer management system in Nova Scotia's workers' compensation board, as a potential system solution. This assessment involved a demonstration to help confirm requirements for employer and claims services and potential marketplace options, including possibilities for processing OHS Committee minutes.</p> <p>In preparation for aspects of claims management processes (e.g., single payment engine) to be included in an Enterprise Resource Planning (ERP) software system, WorkplaceNL identified opportunities to streamline financial functions. The new ERP system will also help WorkplaceNL upgrade its internal service and support functions, to make it easier for staff to focus on serving clients.</p>

Indicator 1.2	2019 Results
<p>Improved web services for employers</p> <p>81%</p> <p>of new employers who registered for workers' compensation coverage in 2019 also registered for connect.</p>	<p>Throughout 2019, WorkplaceNL worked with employers to sign up for connect and to use these online services for faster, more convenient service and improved data quality. Connect is WorkplaceNL's online services portal for suppliers, health care providers, and employers. The portal allows users to invoice for services; submit injury, return-to-work, OHS, and annual reports; request clearance letters; and access account information.</p> <p>Adoption of online services continues to increase. As of the end of 2019:</p> <ul style="list-style-type: none"> • Approximately 81 per cent of new employers who registered for workers' compensation coverage in 2019 also registered for connect. • Approximately 88 per cent of the 2019 registrations were completed using the self-service feature on connect. • 77 per cent of employers were registered for connect by the end of 2019 compared to 33 per cent in 2018. • 96 per cent of annual employer statements were filed online compared to 65 per cent in 2018. • 91 per cent of all clearance requests were completed online compared to 85 per cent in 2018. • 42 per cent of employer injury reports were submitted online compared with 41 per cent in 2018. • 54 per cent of Early and Safe Return-to-Work (ESRTW) plans were submitted online compared to 52 per cent in 2018. <p>Technical changes improved system response times when loading annual employer rate letters and allowed self-insured employers to view their billings. New employers and employers with no payroll no longer need to establish a payment history in order to obtain clearance online, making it easier for them to do business in our province. WorkplaceNL strengthened its support model to help staff resolve issues for clients using online services. WorkplaceNL also launched a new public website designed to enhance accessibility, make it easier to find information, work across multiple types of devices, and improve engagement with its clients.</p> <p>In addition, WorkplaceNL made improvements to the online CTR. The mobile CTR application was redesigned to make it easier for OHS Officers to look up training records while in the field. Changes were also made to improve system performance to make it easier to manage training records for webinar participants, and allow training providers to import names and contact information on instructors rather than re-key the information. Workshop, webinar, and functionality for the Health and Safety Learning Series was re-designed to improve the client experience and streamline processing, with a launch to follow in 2020.</p>

Strategic Issue 2: Prevention – Leadership in Prevention through Collaboration and Innovation

WorkplaceNL’s strategic approach to prevention is based on two fundamental beliefs:

1. Workplace injuries, fatalities, and occupational disease are preventable.
2. Building, achieving, and maintaining a positive safety culture requires the collaborative effort and commitment of all stakeholders to making health and safety in the workplace a priority.

Ninety-two per cent of employees in Newfoundland and Labrador were injury-free in 2019. This high percentage is the result of the effort of many stakeholders, including employers and workers, who implement effective safety systems and programs. There remain many areas for improvement; one worker hurt is too many. Collaborative action is required by all stakeholders to eliminate workplace injuries.

WorkplaceNL continued to collaborate with stakeholders in improving workplace health and safety throughout Newfoundland and Labrador. WorkplaceNL has worked with the Provincial Government, safety sector councils, Newfoundland and Labrador Federation of Labour (NLFL), and Newfoundland and Labrador Employers’ Council (NLEC), amongst others, to promote the protection of workers from hazards in the workplace.

2017-19 Results for Goal 2

The following section provides results of the three-year goal which describes WorkplaceNL’s efforts to collaborate with workplace parties to reduce the number of injuries occurring in the province. These results represent significant collaborative efforts that resulted in advancements in health and safety education, the implementation of legislative improvements, and the ongoing management of occupational health and safety programs and systems.

2017-19 Goal 2:	By December 31, 2019, WorkplaceNL will have collaborated with workplace parties to reduce the number of injuries occurring in the province.
Indicator G2.1	2017-19 Results
Completed the final year of the 2015 – 2017 Prevention Strategy: Leadership in Prevention Through Collaboration	<p>WorkplaceNL completed implementation of the 2015-2017 prevention strategy at the end of December 2017. This strategy encouraged safety leaders to collaborate and identified seven health and safety priorities requiring focus, including assaults and violent acts; soft-tissue injuries; young workers; working at heights; serious injuries; road safety in construction zones; and occupational disease and illness. WorkplaceNL:</p> <ul style="list-style-type: none"> • Provided approximately 920 education sessions since 2017 on the injury priority areas. • Launched a new Musculoskeletal Injury (MSI) Prevention Campaign to raise public awareness of common MSI hazards in the workplace. • Developed and implemented a new curriculum and textbook for a high school OHS course. Over the period of this strategy, over 4,000 students enrolled in the course in nearly 50 schools. Students who completed the course received certifications in emergency first aid, OHS committees, and Workplace Hazardous Materials Information System.

	<ul style="list-style-type: none"> • Implemented changes to the Fall Protection Certification Training Standard to update the standard to incorporate most recent best practices and revised educational materials. • Certified 24 trainers to deliver the Fall Protection course. • Developed new analytic reports to improve information exchange between the OHS Division of Service NL and WorkplaceNL to support serious workplace injury prevention initiatives. • Collaborated with the Provincial Government, Newfoundland and Labrador Construction Safety Association (NLCSA), RCMP, and RNC to deliver a public awareness campaign to remind drivers to slow down in construction zones. • Collaborated with the OHS Division of Service NL and the Department of Transportation and Works on revisions to the Traffic Control Manual.
Indicator G2.2	2017-19 Results
Commenced implementing the next prevention strategy	<p>WorkplaceNL and the OHS Division of Service NL conducted research on best practices and injury trends, jurisdictional reviews, and consultations with stakeholders to develop and launch a new workplace injury prevention strategy- Advancing a Strong Safety Culture in Newfoundland and Labrador: A Workplace Injury Prevention Strategy 2018-2022.</p> <p>The strategy targets eight high-risk areas (see Indicator G2.3) for education and leadership advancement in preventing workplace injury and illness. This strategy also identifies four key areas for WorkplaceNL and partners in safety; the following outlines the actions taken throughout 2018-19 to implement the strategy:</p> <p>1. Safety Leadership:</p> <ul style="list-style-type: none"> • Continued to advance injury prevention efforts in high-risk industries by supporting the province’s safety sector councils and associations. • Implemented recommendations from the 2017 Sector Council Review and launched a new Sector Governance Forum. • Recognized young worker safety through annual awards. • Launched awareness campaigns in road safety, fall protection, occupational disease, psychological health and safety, and MSI prevention. • Developed and launched a new voluntary Supervisor Safety Certification Training Standard to provide supervisors with the information they need to meet their responsibility to protect workers and keep the workplace safe.

1,887

Number of
workshops, webinars,
presentations, and
workplace
consultations

- Partnered with the Atlantic Canadian workers' compensation boards to launch the Workplace Injuries Hurt the Most at Home campaign, reminding all workers and employers that one of the reasons to work safely is not only connected to work but home as well.
- Partnered with the Provincial Government, in response to the legalization of recreational-use cannabis, to launch an awareness campaign on the risks of being impaired at work.

2. Industry Collaboration:

- Implemented a new framework for the Sector Council Program that provides for greater stakeholder engagement.
- Reached consensus and launched the Manufacturing and Processing Safety Sector Council (MPSSC).
- Announced renewed funding for the Newfoundland and Labrador Fish Harvesting Safety Association (NL-FHSA) and Forestry Safety Association of Newfoundland and Labrador (FSANL) in 2018, and new funding to create the MPSSC.
- Issued a call for injury prevention research, [approved research proposals](#), and funded initiatives that will result in a better understanding of injury prevention in Newfoundland and Labrador.

3. Education and Training:

- Began educating workers and employers on each of the eight health and safety priorities (see Indicator G2.3).
- Partnered with Human Resource Secretariat of the Provincial Government to enhance the OHS program in workplaces, while training employees in safe work practices, hazard communication, and conducting risk assessments.
- Continued to collaborate with Memorial University on OHS curriculum development.
- Implemented an online recertification course for OHS committees and worker health and safety (WHS) representatives and designates.
- Increased delivery of OHS education through webinar technology to provide education opportunities to a wider audience across Newfoundland and Labrador, while continuing to provide educational workshops and onsite presentations to workers and employers.
- Delivered workshops, webinars, presentations, and workplace consultations on a variety of health and safety risks.
- Developed a revised certification training program for Traffic Control Persons.

	<p>4. OHS Programs and Systems:</p> <ul style="list-style-type: none"> • Selected the software for a new Safety Climate Assessment and Audit Tool to help measure safety culture and safety management systems for employers. • Continued to provide health and safety data analytics to assist employers in measuring safety performance. • Continued to provide support to OHS committees through education and guidance. • Continued to engage stakeholders regarding the findings from the Prevention and Return-to-Work Insurance Management for Employers and Employees (PRIME) Program review, and began implementing the recommendations. • Delivered OHS and PRIME audits.
<p>Indicator G2.3</p>	<p>2017-19 Results</p>
<p>Focused prevention efforts in high-risk areas</p>	<p>The 2018-2022 prevention strategy identifies eight strategic health and safety injury priorities:</p> <ol style="list-style-type: none"> 1. Musculoskeletal Injury (MSI) Prevention: WorkplaceNL developed the new MSI Prevention Certification Training Standard in 2018. Training curriculum and learning materials to support this standard were developed in 2019. WorkplaceNL also developed new learning resources and delivered workshops, webinars, and presentations on a variety of topics relating to MSI hazards and ergonomic risks. 2. Occupational Disease Prevention: WorkplaceNL delivered prevention education on a wide range of occupational health hazards including scent awareness, noise, heat stress, ventilation, lead awareness, and risk assessments. Employer consultations included topics on carbon monoxide, respiratory protection, lead exposure, silica exposure, and Workplace Hazardous Materials Information System. Ad campaigns were aired on radio raising awareness of the risks of asbestos, fumes, noise, silica, and chemicals. 3. Fall Prevention: WorkplaceNL delivered fall prevention education to employers, workers, and training providers focusing on working at heights and ladder safety. Thirty-one new trainers were certified to deliver fall prevention certification training. Learning-resource information to encourage safety awareness and best practices (i.e., safety shares) were developed and a fall protection awareness campaign was launched.

1,050
 Number of students and educational partners enrolled in new young worker online safety course

- 4. Serious Injury Prevention:** WorkplaceNL, in partnership with the OHS Division of Service NL, delivered education on serious injury prevention focusing on workplaces with high-risk activities, including those in the construction, service, wholesale and retail trade, health care, transportation, and fish processing industries.
- 5. Young Worker Safety:** WorkplaceNL delivered education to high school students, teachers, post-secondary students, and educational partners on young worker safety through a new young worker online safety course. Professional development was also provided to teachers of the OHS 3203 high school course.
- 6. Workplace Violence Prevention:** WorkplaceNL delivered workplace violence prevention education and resources focusing on safe work practices, risk assessments, and program development. WorkplaceNL collaborated with the OHS Division of Service NL to improve enforcement and more effective education. A guide was developed for employers and workers to assist with new workplace violence regulatory requirements.
- 7. Traffic Control Safety:** WorkplaceNL delivered education on traffic control safety and changes to the Traffic Control Manual. New curriculum for Traffic Control Persons training was developed. Regular meetings with the Technical Advisory Committee to discuss traffic control with stakeholders continued throughout the planning cycle. WorkplaceNL released awareness campaigns reminding motorists to slow down in construction zones.
- 8. Psychological Health and Safety (PHS):** WorkplaceNL delivered education on the CSA standard Z1003 – PHS in the Workplace. Information regarding national and international workplace injury and illness prevention strategies related to PHS was gathered and an awareness campaign was launched. WorkplaceNL employees received training in PHS, including the Canadian Mental Health Association’s (CMHA) Certified PHS Advisor Training Program and are providing advisory services to employers who are moving towards implementing the PHS standard in their workplace.

Indicator G2.4	2017-19 Results
Collaborated with stakeholders and partners in OHS	A discussion paper, shared with stakeholders and partners in 2017, outlined challenges and opportunities identified through reviews of workplace injury prevention practices in Canada, and other countries, including the United Kingdom, Sweden, Australia, and New Zealand.

	<p>WorkplaceNL and the OHS Division of Service NL hosted 11 focus group sessions and presentations with stakeholders and accepted written feedback. A new workplace injury prevention strategy was developed based on stakeholder feedback and released in January 2018.</p> <p>WorkplaceNL continued to advance injury prevention efforts in high-risk industries by supporting safety sector councils, including MPSSC, NL-FHSA, FSANL, and NLCSA. WorkplaceNL also approved new business plans for NL-FHSA and FSANL.</p> <p>WorkplaceNL worked with the manufacturing and fish processing sectors, in partnership with NLFL and NLEC, to establish a manufacturing and processing safety sector council. This safety sector council brings together employer and labour representatives with a governance structure that accounts for the appropriate representation of both manufacturing and fish processing interests to oversee and guide the council as they work to reduce workplace injuries.</p> <p>WorkplaceNL is represented on the Board of Directors of each sector council to provide governance as well as advice on OHS and ESRTW Program requirements. WorkplaceNL also presented at each of the councils' annual safety conferences and worked with each council to plan and deliver training events specific to their industry.</p>
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Indicator G2.5	2017-19 Results
<p>Identified innovative approaches to promote workplace health and safety</p>	<p>WorkplaceNL is focused on using technology and innovation to promote workplace health and safety. Throughout the three-year period, WorkplaceNL:</p> <ul style="list-style-type: none"> • Developed a distance learning version of the OHS 3203 high school course jointly with the Department of Education and Early Childhood Development. The course was made available to students in September 2018. • Added online registration functionality to make it easier for people to register for workshops and webinars in the CTR. This will improve the delivery of certification training, workshops, and webinars for workers and employers. • Made improvements to the way WorkplaceNL uses webinar technology to increase user interaction through questions and answers, thus enhancing the learning experience. • Partnered with the Canadian Centre for Occupational Health and Safety (CCOHS) to develop a new OHS clear language mobile application that will provide employers and workers with access to OHS legislative requirements. The new application is planned to launch in mid-2020.

	<ul style="list-style-type: none"> • Developed two new e-learning courses. <ul style="list-style-type: none"> ▸ A recertification course for OHS committees, worker health and safety representatives, as well as designates. ▸ A young worker safety course, which enables young workers to learn about safety principles and practices. The course is offered as a service to employers who hire youth to help with their orientation and onboarding processes and it is also embedded as a component of the provincial high school Career Development 2201 course. • Conducted annual OHS Awareness Surveys of workers, supervisors, and employers to assess awareness of OHS rights, roles, and responsibilities; level of participation in decisions that impact workers’ health and safety while at work; and level of empowerment to act if a worker encounters an unsafe act or condition at work. The results of the surveys, which indicated a high level of awareness, were shared with employers and workers in presentations throughout the period.
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2019 Objective Results for Goal 2

The following section provides results of the 2019 objective which describes WorkplaceNL’s efforts to continue implementation of the next prevention strategy.

2019 Objective 2:	By December 31, 2019, WorkplaceNL will have continued implementation of the next prevention strategy.
Indicator 2.1	2019 Results
Developed new approaches to prevent soft-tissue injury and workplace violence	<p>Soft-tissue Injury Prevention</p> <ul style="list-style-type: none"> • WorkplaceNL developed a new training curriculum and learning resources to support the voluntary MSI Prevention Certification Training Standard. Newfoundland and Labrador is the only jurisdiction to offer certification in MSI prevention. • WorkplaceNL collaborated with Eastern Health on the Safer Together initiative that delivered new injury prevention programming, training, and safe work practices for health care staff at five Eastern Health sites. WorkplaceNL embedded health and safety employees into the operations of each site to improve safety programming and performance. This new approach resulted in fewer injuries and better return-to-work outcomes. • Seven new MSI prevention learning resources were published for use by employers and workers. These resources, along with previously published resources, are available on WorkplaceNL’s website.

	<p>Workplace Violence Prevention</p> <ul style="list-style-type: none"> • In January 2019, the Government of Newfoundland and Labrador announced regulatory changes for workplace violence effective January 1, 2020. WorkplaceNL developed and delivered new workshops, webinars, presentations, and workplace consultations on workplace violence and harassment prevention to over 2,300 workers. As well, a new awareness campaign in print and radio was launched. • WorkplaceNL published a new Harassment Prevention Guide to assist employers with the new legislative requirements. • Presentations on workplace violence prevention were delivered to targeted employers in the health care, service, and retail industries with a primary focus on risk assessments, program development, and safe work practices. • WorkplaceNL partnered with two Regional Health Authorities to develop best practices to prevent workplace violence in health care settings.
<p>Indicator 2.2</p>	<p>2019 Results</p>
<p>Developed proactive, innovative solutions to address problem areas for injury prevention</p>	<p>WorkplaceNL is focused on using technology and innovative programming to address problem areas in injury prevention. In the reporting period, WorkplaceNL completed the following:</p> <ul style="list-style-type: none"> • Utilized e-learning and webinar technology to complement traditional classroom-based learning for the delivery of workplace health and safety educational resources. Forty-five webinars were delivered to over 2,200 participants in 2019. • Partnered with the Canadian National Institute for the Blind (CNIB) to obtain responsive and accessible information to facilitate the delivery of eye-safety education to workplaces and high risk occupations. • Developed a new Youth Safety Training Bursary Program, in partnership with Husky Energy, which provides financial assistance to young workers to complete safety training courses that teach new workers to recognize and control high-risk hazards at work.

Indicator 2.3	2019 Results
Started implementing PRIME program review recommendations related to workplace injury prevention	<p>PRIME is a financial incentive system to recognize employers with lower claim costs, as well as those that comply with certain health and safety and return-to-work practices. The program was implemented in 2005, and a review was completed in 2018. Within the spirit of continuous improvement, an incremental implementation approach of the recommendations resulting from the review is planned, including additional collaboration, in order to identify impactful changes. Thus far, a project team has been established, and jurisdictional reviews of other health and safety certification systems have begun, in order to scope new PRIME criteria.</p> <p>Highlights of work completed in 2019 include:</p> <ul style="list-style-type: none"> • Continued to meet with stakeholders to discuss the PRIME Review recommendations, assessing the impact of the recommendations and helping to develop implementation plans. Discussions were held with NLCSA, NL-FHSA, NLFL, and NLEC. • Developed new PRIME learning resources to educate employers on PRIME requirements. • Delivered a new PRIME workshop for employers to help them prepare OHS Statements. • Revised material related to PRIME using clear language.

Strategic Issue 3: Claims Management – Facilitating Recovery at Work

WorkplaceNL's strategic investment in claims management has resulted in many positive changes, including improved access to services for injured workers and employers; earlier involvement in claims; more timely decisions and provision of wage-loss benefits; and appropriate health care interventions for injured workers.

Facilitating recovery at work is a strategic focus area for claims management. The purpose is to reduce the amount of time an injured worker is away from the workplace while supporting timely access to appropriate health care interventions. For workers, the continued attachment to work can quicken the recovery process.

2017-19 Results for Goal 3

The following section provides results of the three-year goal which describes WorkplaceNL's efforts to implement targeted approaches to support recovery at work. These results include enhancements based on recommendations from the Labour Market Re-entry (LMR) program review and the PRIME program review, the promotion and implementation of recovery-at-work practices with specific workplaces, and targeted ESRTW education sessions.

2017-19 Goal 3:	By December 31, 2019, WorkplaceNL will have implemented targeted approaches to support recovery at work.
Indicator G3.1	2017-19 Results
Promoted recovery at work philosophy	<p>In the last three years, several approaches were implemented to promote the recovery-at-work philosophy, including concluding a review of the LMR Program, and identifying enhancements in service delivery to introduce the program and supports earlier in a claim. As well, based on the findings of the PRIME Program review, additional promotion of roles and responsibilities in the return-to-work process was identified as a remedy going forward. These roles and responsibilities were assessed in 2019 and changes were identified for implementation in the next planning cycle.</p> <p>The recovery-at-work philosophy was also promoted with health care providers and the Newfoundland and Labrador Medical Association, through the use of ESRTW forms. This philosophy remains a guiding principle of Memoranda of Agreement (MOAs) with the various health care providers, ensuring they include information about the evidence-based principles of ESRTW or modified work, in conjunction with treatment. This approach has been proven to offer the most effective route to recover from many injuries. WorkplaceNL has also implemented the Reed Group Disability Management Guidelines. These guidelines provide case managers with additional medical information regarding the injured worker's diagnosis and return-to-work guidelines.</p>
Indicator G3.2	2017-19 Results
Facilitated employers' and injured workers' participation in ESRTW	<p>By providing education to employers, injured workers, and safety sector councils on disability management and the ESRTW Program, WorkplaceNL facilitated employers' and injured workers' participation in the program. Education was provided through day-to-day case management practices, as well as through targeted educational sessions, discussions, and worksite visits. The education included:</p> <ul style="list-style-type: none"> • ESRTW awareness and the benefits for workplace parties; • The importance of identifying specific tasks and duties that can be considered in progressive ESRTW plans; • The importance of educating direct supervisors so that they understand the ESRTW Program and duty to accommodate; • The importance of communication between workplace parties; and • Guidance on completing ESRTW plans.

Indicator G3.3	2017-19 Results
<p>Collaborated with workplace parties to identify effective approaches to facilitate recovery at work</p>	<p>WorkplaceNL offered a webinar on “Return to Work: Strategies to Help Ensure a Successful and Safe Return to the Workplace” to 49 participants from multiple employers. It allowed for open discussion on the challenges of ESRTW while providing possible solutions. Additional ESRTW webinars will be developed and delivered during the next planning cycle.</p> <p>WorkplaceNL collaborated with Eastern Health on the Safer Together Initiative. WorkplaceNL worked with employees at five Eastern Health sites to reconnect the injured worker to the workplace as soon as possible following the injury, improve the ESRTW process through the shared responsibilities of the workplace parties, and promote a self-reliant model. These activities improved safety performance and return-to-work outcomes.</p> <p>WorkplaceNL also collaborated with other workplaces by touring facilities and discussing the various ESRTW roles and responsibilities with management and staff. WorkplaceNL worked collaboratively with the organizations to review their claims costs and durations, to discuss the benefits of ESRTW, and to identify ways to enhance the return-to-work process.</p>
Indicator G3.4	2017-19 Results
<p>Continued collaboration with health care providers to improve ESRTW</p>	<p>WorkplaceNL focuses on both current and future health care providers in its approach to improving ESRTW. In the past three years, education sessions with postgraduate family medicine residents concentrated on the importance of accurate reporting, the PRIME Program, as well as identifying and managing risk factors that may pose barriers to return to work. In ongoing collaboration with Memorial University’s Faculty of Medicine, undergraduate medical students were also provided with education sessions on work-related health issues, ESRTW, and the workers’ compensation system. The Physician Resource Education Program (PREP) also continued, upon request. The Program provides physicians with an understanding of the workers’ compensation system, as well as their role, responsibilities, and reporting requirements.</p> <p>MOAs outline service expectations with respect to treatment and ESRTW. WorkplaceNL continues to operate under MOAs with all major health care provider groups. To further support knowledge transfer and awareness, WorkplaceNL: held meetings with Nurse Practitioners to discuss their roles and responsibilities in the worker’s compensation system and the ESRTW Program; provided regular communication to community health care providers regarding injury management and ESRTW; and held targeted education sessions with health care providers on how to complete the required forms. In addition, tailored education sessions for health care providers practicing in the Marine Atlantic service-area were held, centering on medical reporting, ESRTW and the importance of communication among all workplace parties.</p>

2019 Objective Results for Goal 3

The following section provides results of the 2019 objective which describes WorkplaceNL's efforts to collaborate with workplace parties to identify effective approaches to facilitate recovery at work and improve return-to-work outcomes.

2019 Objective 3:	By December 31, 2019, WorkplaceNL will have collaborated with workplace parties to identify effective approaches to facilitate recovery at work and improve return-to-work outcomes.
Indicator 3.1	2019 Results
Started implementing PRIME program review recommendations related to return-to-work programs in workplaces	<p>As a result of stakeholder engagement sessions and findings of the recent PRIME Program review, feedback suggested a need for increased communication and education on effective and sustainable return-to-work practices. Approaches and educational materials of the current ESRTW Program were assessed to identify opportunities for improvements. In addition, information from other Canadian workers' compensation boards related to their return-to-work programs and practices was reviewed, to identify elements that can be incorporated into WorkplaceNL's ESRTW Program.</p> <p>While implementation of all changes will span several years, webinars focusing on ESRTW were held in 2019.</p>
Indicator 3.2	2019 Results
Implemented improvements to labour market re-entry programming	<p>A detailed review of the LMR Program was finalized in 2018, which resulted in recommendations that will enhance benefits and services for injured workers. The recommendations placed a key focus on an employer's role in permanent accommodation as well as interventions from WorkplaceNL that support earlier re-integration into the workforce.</p> <p>WorkplaceNL has introduced employment readiness services earlier in the claim as part of early LMR intervention and incorporated LMR services as part of workplace re-integration with the pre-injury employer. As well, WorkplaceNL has ensured employer compliance on permanent accommodation as outlined in legislation, using LMR services where applicable.</p> <p>Groundwork was also completed to implement further changes to LMR in the next planning cycle.</p> <p>The following activities were completed to prepare for earlier workplace re-integration:</p> <ul style="list-style-type: none"> • Options to maintain connection with pre-injury employers were identified. • Research was conducted for a relocation procedure to support obtaining realistic employment or vocational opportunities. • Roles and responsibilities that support earlier interventions were assessed. • Timelines were reviewed that will support new key performance indicators in relation to the LMR Program.

Strategic Issue 4: Client Service – Partners in Client Service

Fostering a client-centred culture continues to be a strategic focus. WorkplaceNL has improved client service to support the prevention and management of workplace injury, illness, and known occupational disease. WorkplaceNL is exploring new ways to improve service delivery in response to the changing expectations of clients to offer more modern, innovative, and technology-based services to meet current and future business needs.

2017-19 Results for Goal 4

The following section provides results of the three-year goal which describes WorkplaceNL's efforts to identify technology, program, and service delivery enhancements that are responsive to injured workers and employers. This goal was met by obtaining client feedback and collaborating with community partners, key stakeholders and WorkplaceNL employees to meet changing needs and expectations. The results included the development of a multi-year business modernization program to improve business processes and provide technology-based solutions as well as implementing new benefits for injured workers.

2017-19 Goal 4:	By December 31, 2019, WorkplaceNL will have identified technology, program, and service delivery enhancements that are responsive to injured workers and employers.
Indicator G4.1	2017-19 Results
Identified technology-based service delivery options based on segmentation research	<p>A multi-year business modernization program was developed during the 2017-19 planning cycle, to outline a high-level roadmap to guide WorkplaceNL in upgrading technology infrastructure and identify technology-based service delivery options. To develop the plan, WorkplaceNL considered feedback from its employees, the results of client surveys, and findings from current research conducted by the Institute of Citizen-Centred Service, a national organization specialized in responsive service delivery. WorkplaceNL also identified and considered best practices in information technology and current technology trends.</p> <p>WorkplaceNL's current technology infrastructure includes a mix of custom-developed and packaged applications, many of which are older technologies. The business modernization program outlined activities for WorkplaceNL to transition to industry-standard applications and cloud-based services, as well as to enable digital delivery options in keeping with service delivery expectations and future business needs. The intent is to provide simple-to-use, self-service options for routine transactions while continuing existing service delivery channels to ensure client needs are addressed.</p> <p>Throughout the reporting period, WorkplaceNL:</p> <ul style="list-style-type: none"> • Investigated and assessed options to upgrade office productivity software (e.g., word processing) and selected software that best fits the needs of the organization. The upgrade is planned for 2020. • Began to modernize the technology used to view and manage images such as forms and invoices currently received in paper format.

	<ul style="list-style-type: none"> Identified a new ERP software solution that will help streamline all financial and human resource functions throughout the organization and improve internal controls.
Indicator G4.2	2017-19 Results
Identified opportunities for efficiencies	<p>WorkplaceNL identified opportunities for efficiencies by examining business and paper-based processes to reduce costs and manual processing:</p> <ul style="list-style-type: none"> Eliminated paper-format information packages for new employers who register for workers' compensation coverage. New employers are referred to the information on WorkplaceNL's website. Implemented an online service for select employers with a high volume of correspondence, to send claim-related letters electronically rather than via paper. Changed the review cycle for identified Extended Earnings Loss claims from once a year to every second year, reducing the frequency clients are required to submit documents to WorkplaceNL and enhancing internal efficiencies.
Indicator G4.3	2017-19 Results
Identified programs and service delivery improvements that are responsive to client preferences, emerging issues and changing demographics	<p>WorkplaceNL identified the need for, and delivered in June 2019, a new, more accessible, public website, which uses responsive design so it displays on desktop and mobile devices. The site was designed according to guidelines to make content more accessible to a wider range of people with disabilities, and content was written in clear language. The site was redesigned to focus on clients – with sections dedicated to workers, employers, and health care providers.</p> <p>With engagement from WorkplaceNL and key stakeholders, the Government of Newfoundland and Labrador amended the Act to introduce new retirement benefits for injured workers receiving Extended Earnings Loss benefits (effective January 1, 2019) and to provide presumptive coverage for work-related post-traumatic stress disorder for all workers covered by the Act (effective July 1, 2019). As a result of these amendments, WorkplaceNL made the following changes:</p> <ul style="list-style-type: none"> Established a case management unit to manage traumatic mental stress injury claims. Revised Policy EN-18 Traumatic Mental Stress to ensure compliance with the amendments to the Act. Made process and system changes to provide workers with a new retirement benefit as outlined in the Act.

2019 Objective Results for Goal 4

The following section provides results of the 2019 objective which describes WorkplaceNL's efforts to plan for organizational succession and development and continuity of corporate knowledge.

2019 Objective 4:	By December 31, 2019, WorkplaceNL will have planned for organizational succession and development and continuity of corporate knowledge.
Indicator 4.1	2019 Results
Developed a plan to support skilled and engaged employees	<p>WorkplaceNL is committed to engaging employees in modernizing programs and service delivery to meet the needs of clients and to providing opportunities for employees to further develop their skills. Accordingly, WorkplaceNL developed and started to implement a multi-year plan to support skilled and engaged employees based on five priorities:</p> <ol style="list-style-type: none"> 1. Developing a healthy and engaged workforce to foster a high-performance employee culture. 2. Sourcing employees to ensure WorkplaceNL has the right people in the right place at the right time. 3. Supporting talent management and workforce planning to ensure talent is readily available for future positions. 4. Leveraging learning and development opportunities for employees and leadership growth. 5. Identifying a new human resources (HR) toolset to automate routine HR tasks to enable WorkplaceNL's HR specialists to better support its employees, and enhance information sharing and collaboration. <p>A Change Manager and a Learning and Communications Advisor were recruited to develop change management strategies that include: employee involvement in business modernization initiatives; training on new skills; improved internal communications; knowledge transfer; and skill enhancement.</p> <p>To support the continuing focus on mental health, WorkplaceNL collaborated with the Canadian Mental Health Association of Newfoundland and Labrador (CMHA-NL) to deliver Changing Minds, the Working Mind, and Mental Health First Aid training to its employees. WorkplaceNL also began implementing the Psychological Health and Safety Standard and continues to implement health, safety, and wellness initiatives.</p>

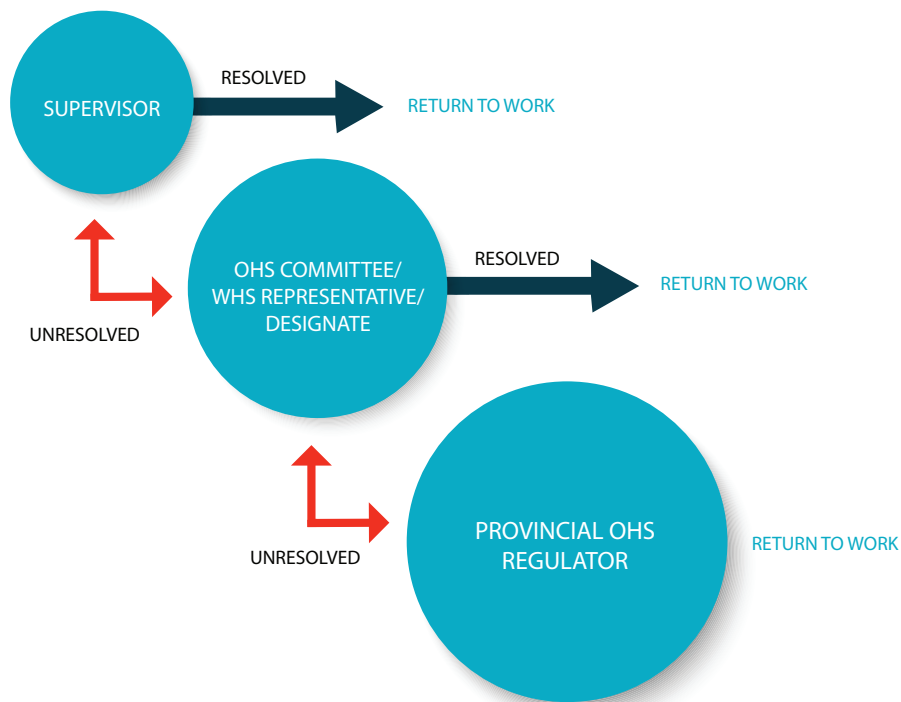
	<p>WorkplaceNL is engaging employees at all levels of the organization to identify opportunities to strengthen employee engagement based on the 2019 employee engagement survey. WorkplaceNL began assessing cost-effective training opportunities for employees, including potential local partnerships and evaluating suitable leadership management frameworks.</p>
Indicator 4.2	2019 Results
<p>Identified new enterprise resource planning system (Human Resources and Finance)</p>	<p>WorkplaceNL, following public procurement requirements, identified a new ERP software system. An ERP system is business process management software that allows an organization to streamline processes and automate routine transactions. A new ERP system will enable WorkplaceNL to use best practices and update systems for financial and human resource functions. This will result in administrative efficiencies for manual and paper-based processes, which will help WorkplaceNL upgrade its internal service and support functions to make it easier for staff to focus on serving clients.</p> <p>WorkplaceNL has planned for a multi-year implementation of the ERP system. Extensive pre-work to prepare has been completed, including documenting and understanding all current financial and human resource business processes, as well as mapping interactions with other systems.</p>

Opportunities and Challenges

Reduce injury and illness

WorkplaceNL works closely with safety sector councils, employers, workers, labour groups, employer groups, and Provincial Government to build a strong safety culture in our province. The five-year injury prevention strategy provides the framework for everyone to help protect workers from hazards.

Reporting unsafe work



In the more than 60 years since the workers’ compensation system started in Newfoundland and Labrador, the injury rate has trended downwards with some fluctuations. In 1989, the injury rate was at its highest at 5.2 lost-time incidents per 100 employees, and recently reached its lowest of 1.5 in 2017. This low was achieved through a variety of

measures over time, including changes to OHS legislation; increased efforts in prevention and training; and through support and compliance at worksites. As a result, further reductions in the lost-time injury rate may be increasingly challenging to achieve, requiring leadership and collaboration from all workplace parties and safety partners.



Innovate service delivery

There are opportunities to make services more accessible and modern for injured workers and employers. Building on the success of employers filing their annual employer statements online in 2019, WorkplaceNL will continue to review its routine processes and implement digital services that benefit injured workers, employers, and health care providers.

Manage health care costs and access to services

WorkplaceNL proactively seeks opportunities to manage the cost of health care services for injured workers, and to provide them with timely access to care. To do this, WorkplaceNL negotiates agreements with major health care providers, actively manages claims, buys medical items through the public procurement process, and adheres to the provincial generic drug-pricing policy.

Financial sustainability

WorkplaceNL is a responsible steward of the employer-funded Injury Fund. As such, the stakeholder-agreed Funding Policy guides WorkplaceNL in setting assessment rates to ensure sufficient funds will be available for existing injured workers for the duration of their claims.

While the Injury Fund has been fully-funded for more than five years, WorkplaceNL continually monitors the financial stability of the system due to:

- Uncertainty surrounding the increasing number of claims and their duration.
- Potential costs due to recent changes to benefit policy and legislative changes.
- Downward trends of assessable payrolls due to changing economic factors.
- The changing nature of injuries.
- Potential changes in the financial market.

Management Discussion and 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 WorkplaceNL. This MD&A should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2019. The MD&A was prepared based on information available as of March 20, 2020. The Board has reviewed 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.

Financial Highlights

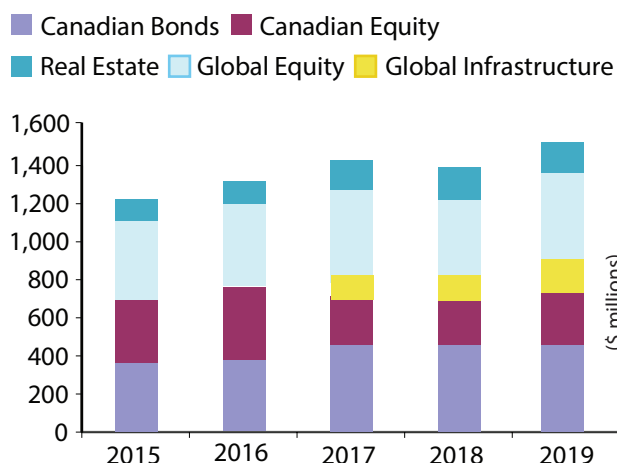
(\$000)	2019	2018
Investments	1,541.2	1,419.0
Benefit liabilities	1,249.5	1,190.4
Fund balance	301.8	237.5
Assessment income	128.4	144.7
Investment income (loss)	197.2	(3.5)
Claims costs incurred	224.0	230.8
Administration costs	20.6	21.3
Legislated obligations	7.6	6.9
Operating surplus (deficiency)	64.4	(124.7)
Average assessment rate	\$1.69	\$1.90
Rate of return on investments	13.8%	(0.4%)
Funded ratio	123.4%	119.5%

Statement of Financial Position

Investments

WorkplaceNL's investments are held in an Injury Fund to provide for the security of benefits promised to injured workers. The fair value of the Injury Fund increased \$122.2 million to \$1,541.2 million at December 31, 2019 from \$1,419.0 million at the end of 2018, which reflects investment income of \$197.2 million and withdrawals of \$72.0 million to fund benefit payments.

Five-year Overview of the Injury Fund



Investment Strategy and Portfolio Construction

The Board is responsible to ensure that the assets of the Injury Fund, along with future investment income, are sufficient to pay benefit liabilities. The Board 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.

Table 1:

Asset Mix Targets as at December 31, 2019

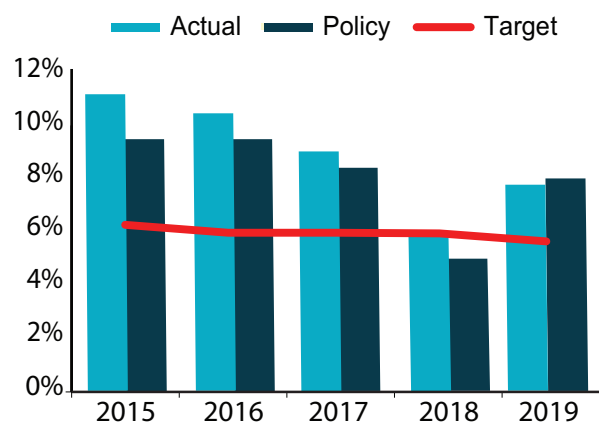
Asset Class	Asset Mix	Tolerance Range
Bonds, Canadian	30 %	±5 %
Equities, Canadian	20 %	±5 %
Equities, Global	30 %	±5 %
Infrastructure, Global	10 %	±5 %
Real Estate, Canadian	10 %	±5 %

The Statement of Investment Principles and Beliefs (SIPB) and the Long-Term Investment Policy guide WorkplaceNL's investment strategy. 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 Long-term Investment Policy documents the long-term asset mix target, the return objectives, acceptable investments, and limits on risk concentration.

The asset mix will vary from the targets due to differences in the relative performance of the various financial market segments. All asset classes were within their respective tolerance ranges at December 31, 2019. WorkplaceNL undertook an asset-liability study in 2019 and, as a result, will be further diversifying the asset mix in 2020, adding an allocation to mortgages, return seeking fixed income, and global real estate.

An 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.

Four-year Annualized Return



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.

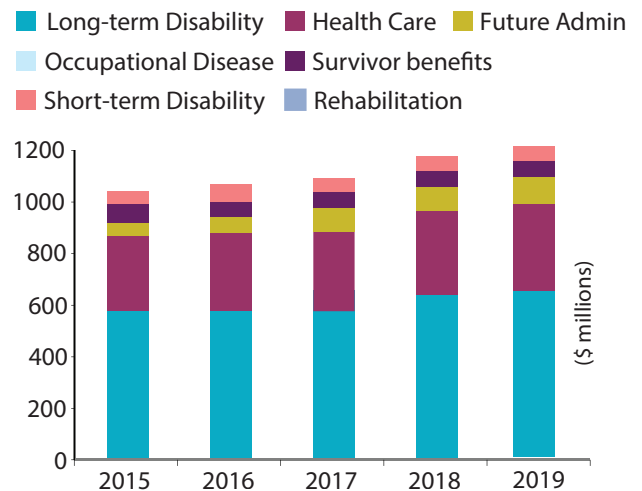
The target rate of return for the investment portfolio over the long term had been 6.1 per cent or 3.5 per cent after inflation. WorkplaceNL revised its long-term return target to 5.8 per cent in 2016, and to 5.5 per cent in 2019, maintaining a 3.5 per cent real rate of return, but with reductions in the inflation expectations to 2.25 per cent and then to 2.0 per cent. For the four-year period ending December 31, 2019, the Injury Fund earned an annualized return of 7.7 per cent compared to the policy return of 7.8 per cent.

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, 2019, and the future cost of administering those claims. WorkplaceNL has also included a provision for future claims related to latent occupational disease, and presumptive cancer coverage for firefighters, which was legislated by the Provincial Government in 2016.

The economic and actuarial assumptions used in the valuation of liabilities are reasonable estimates of future expectations for these variables over the long term. The assumptions described in Note 15 - Benefit Liabilities and Claims Costs, to the financial statements, are consistent with those used in the prior year, except for an increase in the provision for latent occupational

Five-year Benefit Liabilities Overview



disease and a reduction in the discount rate. Current accounting and actuarial standards allow for the use of a discount rate equivalent to the long-term expected return on the benchmark asset allocation adopted through WorkplaceNL's Long-term Investment Policy, which has been updated to 5.5 per cent.

The International Accounting Standards Board (IASB) has issued a new standard, International Financial Reporting Standards (IFRS), 17 Insurance Contracts that will be applicable for fiscal years beginning on or after January 1, 2023. This standard provides for the use of a discount rate that is closer to a risk-free rate; one which is comparable to the expected rate of return earned on a hypothetical fixed income portfolio consisting of high-quality bonds of durations similar to the cash flows associated with the liability. If this accounting standard had been in effect at December 31, 2019, such a discount rate would be approximately 3.0 per cent and would result in an increase in the benefit liability of \$295.1 million and a reduction in the funded ratio to 100.3 per cent.

WorkplaceNL's benefit liabilities include amounts set aside to pay the future cost of short and long-term disability, survivor benefits, health care, rehabilitation, and future administration costs. Benefit liabilities increased \$59.1 million, or 5.0 per cent from \$1,190.4 million at the end of 2018, to \$1,249.5 million at the end of 2019. This increase is primarily due to actuarial losses arising from a reduction in the discount rate from 5.8 per cent to 5.5 per cent (\$18.5 million), an increase in provision for occupational disease from 8.0 per cent to 9.0 per cent (\$11.1 million), and short term claims experience being different from expected (\$13.1 million), slightly offset by a \$1.0 million gain related to inflation.

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 Canadian Consumer Price Index at July each year and applies the adjustment January 1 of the following year. The inflation adjustment calculated in 2019 was 2.1 per cent and the inflation adjustment has averaged 1.7 per cent over the past five years.

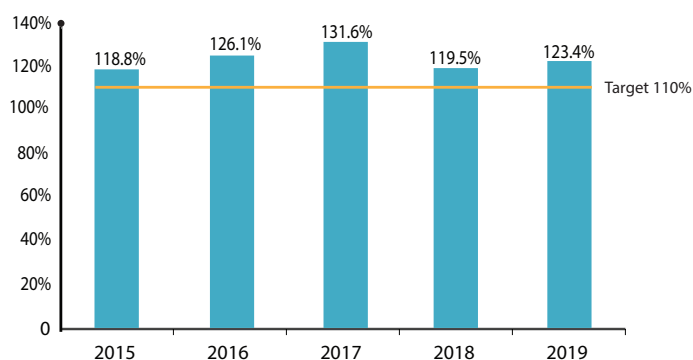
Funding Policy

WorkplaceNL's stakeholder-agreed Funding Policy 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.

The Injury Fund is fully funded when the total assets equal or exceed total liabilities plus reserves. 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 per cent of total liabilities. The Funding Policy specifies a funding target operating range from 100 per cent to 120 per cent. 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. Assessment rates for 2019 and 2020 reflect a \$0.21 discount aimed at returning the funded ratio to 110 per cent.

Funded Ratio 2015-19

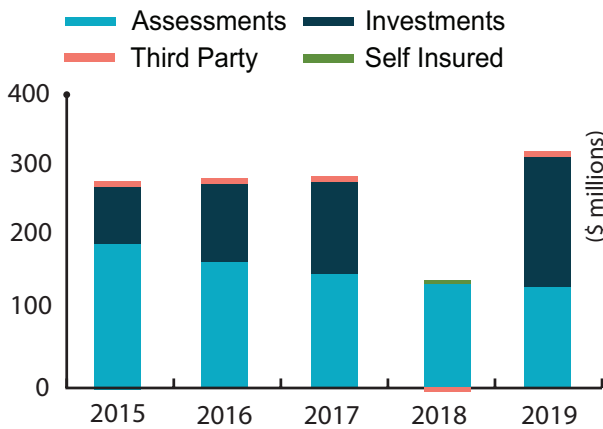


Statement of Comprehensive Income

Revenue

WorkplaceNL’s revenue sources are assessments paid by employers, investment income, self-insured administration fees, and third party recoveries. In 2019, revenue totaled \$329.8 million, a 129 per cent increase from 2018 revenue of \$144.0 million, driven by higher investment returns, but slightly offset by lower assessments.

Five-year Revenue Overview

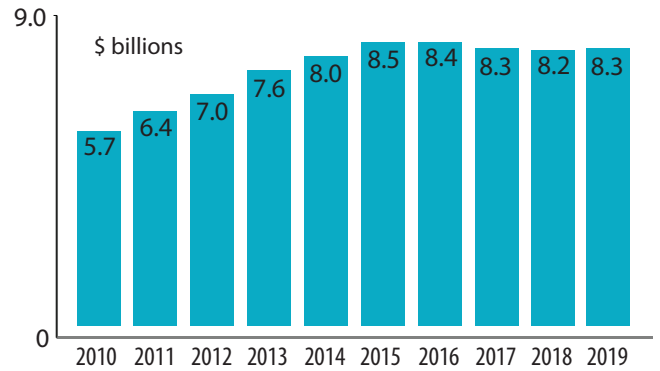


Assessments Revenue

Revenue from assessments consists of base assessments, as well as practice and experience incentives, which are refunds and charges disbursed and collected through the PRIME program.

Assessment revenue from rate-based employers decreased 11.9 per cent to \$134.4 million from \$152.5 million in 2018, driven by a lower assessment rate. The average base assessment rate paid by employers was reduced in 2019 from \$1.90 to \$1.69 per \$100 of assessable payroll, due to the application of a temporary \$0.21 discount, which contributed approximately \$17.4 million to the year-over-year revenue reduction.

Assessable Payroll 2010-19



In 2019, employer assessable payrolls increased by 1.6 per cent to \$8.3 billion primarily due to the annual increase in the maximum assessable and compensable earnings limit. At the industry sector level, growth was led by mining; transportation; and finance and insurance. Construction and manufacturing saw the largest declines.

Under WorkplaceNL’s PRIME program, employers can affect 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 OHS and return-to-work practices through a five per cent refund on their average calculated base assessments. While the percentage of employers qualifying for PRIME has increased over time, the value of the refunds available has declined due to lower assessment rates.

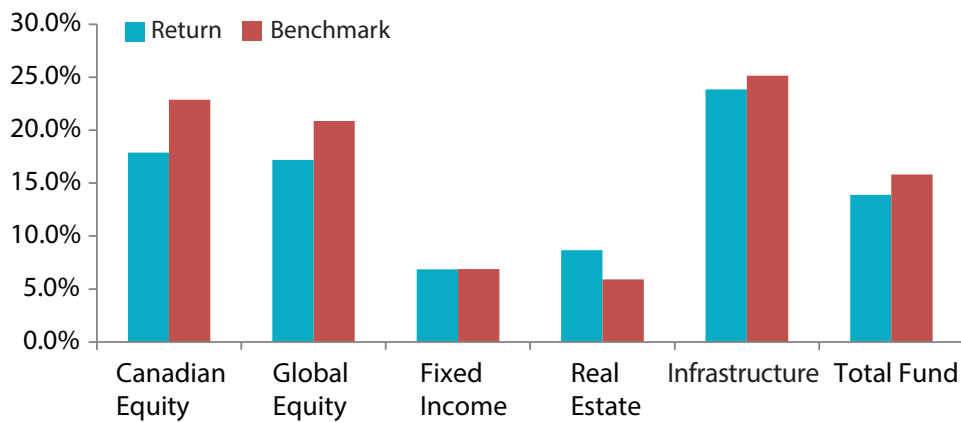
Revenue from self-insured employers consists of the administration fee for managing their claims. In 2019, revenue in this category increased by 16.7 per cent to \$2.1 million (2018 - \$1.8 million).

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 investments. In accordance with IFRS, both realized and unrealized gains and losses are included in investment income.

In 2019, WorkplaceNL’s investment income was \$197.2 million, compared to a loss of \$3.5 million in 2018. The Injury Fund had a rate of return of 13.8 per cent compared with a policy return of 16.0 per cent, and a negative 0.4 per cent return in the previous year. With the exception of Real Estate, the returns for all asset classes fell short of their respective benchmarks in 2019.

2019 Returns by Asset Class



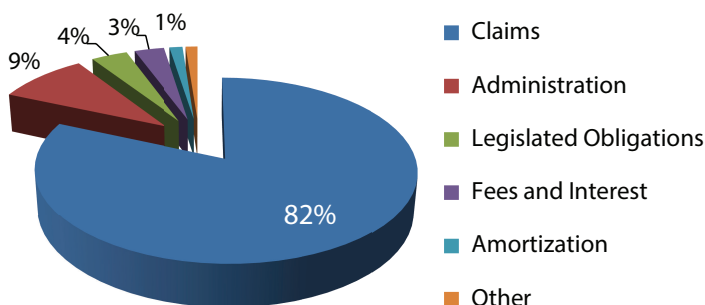
Expenses

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 82 per cent (2018 – 81 per cent) of expenses, while administration expenses are approximately 9 per cent (2018 – 11 per cent) of the total.

Outlook

The Board maintained the average assessment rate at \$1.69 for 2020, continuing the temporary \$0.21 discount to enable the funded position to return to 110 per cent over 15 years. WorkplaceNL had been forecasting assessable payrolls of \$8.4 billion in 2020, marginally higher than those in 2019, primarily due to an increase in the maximum assessable and compensable earnings limit.

2019 Total Expenses



However, the novel coronavirus (COVID-19) pandemic has negatively impacted financial markets and, in turn, the value of certain investments held in the Injury Fund. Public health measures implemented provincially, and around the world, are likely to negatively affect the operations of employers and may result in lower assessable payroll and assessment revenue in 2020.

2019 Financial Statements

Management responsibility for financial reporting

The accompanying financial statements of WorkplaceNL have been prepared by management, who is responsible for the integrity and fairness of the information 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.

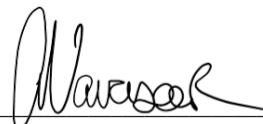
In discharging its responsibility for the integrity and reliability of the financial statements, management maintains a system of internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The Internal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

The Board of Directors oversees management's 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 of the Board meets with management, the independent consulting actuary, and the independent auditors to discuss the results of the external 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. Its 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 2019 financial statements of WorkplaceNL in accordance with Canadian generally accepted auditing standards and their report follows.



Dennis Hogan
Chief Executive Officer



Andrew Vavasour
Chief Financial & Information Officer

Actuarial Statement of Opinion

We have completed the actuarial valuation of the benefit liabilities of the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador (“WorkplaceNL”) as at December 31, 2019 (the “valuation date”). The valuation is based on the provisions of the Workplace Health, Safety and Compensation Act of Newfoundland and Labrador (the “Act”) and on WorkplaceNL’s policies and practices in effect on the valuation date.

The estimate of the actuarial liabilities for assessed employers as at the valuation date is \$1,249,549,000. The actuarial liabilities include provisions for benefits and administration expenses expected to be paid after the valuation date for accidents that occurred on or before the valuation date. They also include 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.

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.
3. The methods employed in the valuation are appropriate for the purpose of the valuation.
4. 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.
5. 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.
March 15, 2020

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

Independent auditor's report

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

Opinion

We have audited the financial statements of **Workplace Health, Safety and Compensation Commission** [the "Organization"], which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in funded position and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ["IFRSs"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

St. John's, Canada
April 1, 2020



Chartered Professional Accountants

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

(thousands of dollars)	2019	2018
Assets		
Cash, cash equivalents and short-term investments	\$ 5,182	\$ 2,905
Accounts receivable [note 5]	8,632	9,861
Investments [note 6]	1,541,155	1,419,023
Right-of-use assets [note 9]	2,044	-
Property, plant and equipment [note 10]	7,489	7,719
Intangible assets [note 11]	14,410	14,374
	\$ 1,578,912	\$ 1,453,882
Liabilities		
Accounts payable and accrued liabilities [note 13]	24,192	24,231
Employee future benefits [note 16]	1,354	1,782
Lease liabilities [note 9]	2,061	-
Benefit liabilities [note 15]	1,249,549	1,190,354
	1,277,156	1,216,367
Fund balance	301,756	237,515
	\$ 1,578,912	\$ 1,453,882

Authorized for issue on April 1, 2020 on behalf of the Board of Directors



John Peddle
Chairperson



Gregory Viscount
Director

See accompanying notes.

Statement of COMPREHENSIVE INCOME
Year ended December 31

(thousands of dollars)	2019	2018
Revenue		
Assessments revenue [note 14]	\$ 128,398	\$ 144,719
Investment income (loss) [note 7]	197,165	(3,452)
Third-party recoveries	2,135	947
Self-insured employer revenue	2,110	1,782
	329,808	143,996
Expenses		
Claims costs incurred [note 15]		
Short-term disability	44,869	35,137
Long-term disability	68,630	63,173
Survivor benefits	5,128	3,949
Health care	47,403	43,852
Rehabilitation	1,709	1,311
Actuarial adjustments	40,959	69,841
Future administration costs	15,333	13,492
	224,031	230,755
Administration [note 17]	20,614	21,309
Legislated obligations [note 18]	7,566	6,873
Fees and interest, net [notes 9 and 12]	7,012	5,725
Amortization and depreciation [notes 9, 10 and 11]	2,942	3,320
Other expenses [note 19]	3,287	762
	265,452	268,744
Operating surplus (loss)	64,356	(124,748)
Other comprehensive (loss) income		
Remeasurement of employee future benefits [note 16]	(27)	33
Total comprehensive income (loss)	\$ 64,329	\$ (124,715)

See accompanying notes.

Statement of CHANGES IN FUNDED POSITION
Year ended December 31

(thousands of dollars)	2019	2018
Accumulated operating surplus		
Balance, beginning of year	\$ 236,952	\$ 362,700
Operating surplus (loss)	64,356	(124,748)
Reserve allocation	(1,000)	(1,000)
	<u>300,308</u>	<u>236,952</u>
Accumulated other comprehensive loss		
Balance, beginning of year	(686)	(719)
Other comprehensive (loss) income [note 16]	(27)	33
	<u>(713)</u>	<u>(686)</u>
Reserves		
Occupational Health and Safety Research [note 20]	<u>2,161</u>	<u>1,249</u>
Fund balance, end of year	<u>\$ 301,756</u>	<u>\$ 237,515</u>

See accompanying notes.

Statement of CASH FLOWS
Year ended December 31

(thousands of dollars)	2019	2018
Cash flow from operating activities		
Cash received from:		
Employers, for assessments	\$ 129,627	\$ 145,377
Self-Insured administration and claims cost	10,755	9,746
Third parties	2,135	947
	<u>142,517</u>	<u>156,070</u>
Cash paid to:		
Claimants or third parties on their behalf	(163,199)	(146,159)
Suppliers and employees, for administrative and other goods and services	(41,248)	(47,890)
Investment manager, interest & other fees	(5,426)	(3,670)
	<u>(209,873)</u>	<u>(197,719)</u>
Net cash used in operating activities	<u>(67,356)</u>	<u>(41,649)</u>
Cash flows from investing activities		
Cash received from:		
Interest	13,361	13,129
Dividends	22,673	17,009
Sale of investments	206,677	117,087
	<u>242,711</u>	<u>147,225</u>
Cash paid for:		
Purchase of investments	(169,753)	(120,618)
Purchase of property, plant and equipment	(510)	(259)
Purchase of intangible assets	(2,815)	(1,773)
	<u>(173,078)</u>	<u>(122,650)</u>
Net cash provided by investing activities	<u>69,633</u>	<u>24,575</u>
Net change in cash and cash equivalents	2,277	(17,074)
Cash and cash equivalents		
Beginning of year	<u>2,905</u>	<u>19,979</u>
End of year	<u>\$ 5,182</u>	<u>\$ 2,905</u>

See accompanying notes.

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 maintain a funded ratio between 100% and 120% [note 23].

Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise 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.

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 1.70% - 2.25% [2018 - 1.50% - 2.25%].

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).

Self insured employer revenue

Self insured employers are assessed an administration fee which is based on the volume and cost of claims. Revenue is presented on a net basis since WorkplaceNL acts as an agent in these transactions.

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.

Right-of-use assets

Right-of-use assets are recognized at the lease commencement date. They are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Office premises	10 years
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If ownership of the leased asset transfers to WorkplaceNL at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are also subject to impairment.

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

Lease liabilities

At the commencement of the lease, liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments are discounted using WorkplaceNL's incremental borrowing rate.

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

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 available for use, are recorded at cost. Assets in service are amortized monthly on a straight-line basis over their estimated useful lives of five to 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.

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, an estimate for presumptive coverage for firefighters 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.

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

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.

Financial instruments

WorkplaceNL's financial instruments consist of cash, cash equivalents and short term-investments, 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:

Asset/Liability	Classification	Measurement
Cash, cash equivalents & short-term investments	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.

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

- 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].

WorkplaceNL uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Financial instruments included in level 1 of the fair value hierarchy consist of cash and cash equivalents and equities. Fixed term and real estate financial instruments are included in level 2 with infrastructure in level 3. WorkplaceNL determines whether transfers have occurred between levels in the hierarchy for reassessing categorization at the end of each reporting period.

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]. For infrastructure classified as level 3, values represent WorkplaceNL's proportionate share of the underlying net assets at fair values estimated using one or more methodologies including multiples of earnings or discounted cash flows. These values are supported by periodic appraisals performed by independent qualified appraisers.

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 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 provides a payout of accumulated annual leave balances and had provided 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 determined using 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

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

they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. These benefits are unfunded. Severance benefits were discontinued as of March 31, 2018 and the payout of accumulated entitlements is substantially complete.

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 reserve 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.

New Accounting Standards

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases; and requires lessees to recognise most leases on the balance sheet. WorkplaceNL adopted IFRS 16 effective January 1, 2019 using the modified retrospective method.

WorkplaceNL recognised right-of-use assets and lease liabilities for its leases of office premises, which were previously classified as operating leases. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted

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

using WorkplaceNL's incremental borrowing rate at the date of initial application. The right-of-use assets were recognised at an amount equal to the lease liabilities.

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 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition, measurement, presentation, and disclosure. The overall objective of IFRS 17 is to provide a consistent accounting model for insurance contracts. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

At its meeting on 17 March 2020, the IASB agreed to defer the effective date of IFRS 17 to annual reporting periods beginning on or after 1 January 2023. WorkplaceNL will adopt IFRS 17 on the effective date. WorkplaceNL is analyzing the impact of adopting the standard and expects that it will have a significant impact on its financial statements.

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.

4. SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

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 liabilities for latent occupational disease and presumptive coverage for firefighters and the extent of historical information available, these liabilities by their nature are more uncertain than other benefit liabilities.

WorkplaceNL believes that the amount provided for benefit liabilities as at December 31, 2019, is adequate, recognizing that actuarial methods and assumptions as disclosed in note 15 may change over time to reflect underlying economic trends. Changes in assumptions could have a material impact on the benefit liabilities.

Employee future benefits

A valuation of severance and accumulated annual leave liabilities is prepared using the assumptions disclosed in note 16.

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

- Level 3 investments Note 6
- Financial risk management Note 8
- Sensitivity analyses disclosures Notes 15 and 16

5. ACCOUNTS RECEIVABLE

(thousands of dollars)	2019	2018
Assessments	\$ 9,933	\$ 8,679
Accrued assessments	(2,058)	(798)
Less: Allowance for doubtful accounts	(2,851)	(1,641)
	5,024	6,240
Prepaid Expenses	2,224	1,541
Other	2,310	2,872
Less: Allowance for doubtful accounts - other	(926)	(792)
	3,608	3,621
	\$ 8,632	\$ 9,861

Aging of Assessment Receivable

(thousands of dollars)			
Year	Total	Current <1 year	1-2 years
2019	\$ 5,024	\$ 3,661	\$ 1,363
2018	\$ 6,240	\$ 4,826	\$ 1,414

6. INVESTMENTS

Fair Value Hierarchy

(thousands of dollars)	2019	2018
Level 1		
Cash and cash equivalents	\$ 6,077	\$ 11,032
Domestic equities	304,082	267,979
Foreign equities	576,635	534,853
	886,794	813,864
Level 2		
Fixed term investments	446,178	430,260
Real Estate Funds	162,441	166,614
	608,619	596,874
Level 3		
Infrastructure	45,742	8,285
	\$ 1,541,155	\$ 1,419,023

There have been no transfers between levels during 2019 [2018-Nil].

Summary of changes in level 3 fair value measurements:

(thousands of dollars)	2019	2018
Balance, beginning of year	\$ 8,285	\$ -
Purchases of level 3 investments	36,236	7,941
Interest and dividends	413	1
Expenses	(71)	
Realized gain on sale of investments	(176)	51
Unrealized change in fair market value	1,055	292
Balance, end of year	\$ 45,742	\$ 8,285

The level 3 investments consist of a limited partnership interest in a closed fund investing in global infrastructure assets with a market value of \$9 million (2018-\$8.3 million) with the balance in an open fund \$36.7 million [2018-nil]. These funds have no active market and no published net asset value as of December 31, 2019, and are therefore classified as level 3 investments in the fair value hierarchy. The closed partnership will dissolve on December 31st following the thirteen year anniversary of the Final Commitment Date, which was March 29, 2019. The general partner has the option to extend the fund's life for up to three additional one-year periods.

7. INVESTMENT INCOME

Investment income is comprised of the following:

(thousands of dollars)	2019	2018
Interest and dividends	\$ 35,897	\$ 29,945
Realized gain on sale of investments	62,729	58,251
Interest on short-term investments	137	192
Unrealized change in fair market value	98,402	(91,840)
Investment income (loss)	\$ 197,165	\$ (3,452)

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 does not anticipate that any issuers will fail to meet their obligations. The credit ratings of WorkplaceNL's fixed term investments at December 31 are listed in the table below.

8. FINANCIAL RISK MANAGEMENT (continued)

(thousands of dollars)	2019		2018	
Credit Rating				
Cash & Short term notes	\$ 14,063	3.2%	\$ 3,631	0.8%
AAA	114,292	25.6%	161,860	37.6%
AA	181,946	40.8%	164,432	38.2%
A	70,984	15.9%	47,150	11.0%
BBB	43,649	9.8%	41,576	9.7%
BB and below	5,982	1.3%	2,973	0.7%
Foreign currency	6,531	1.4%	280	0.1%
Mortgages	8,731	2.0%	8,358	1.9%
	\$ 446,178	100.0%	\$ 430,260	100.0%

WorkplaceNL may also invest in short-term commercial debt or paper rated R1 in accordance with Dominion Bond Rating Service. 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.

Currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates compared to the Canadian dollar. Investments denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the reporting date. 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.

As at December 31, 2019, WorkplaceNL's holdings in foreign equities and direct investments had a market value of \$622.4 million [2018 - \$543.1 million] representing 40.4% [2018 – 38.3%] of the market value of the total investment portfolio.

The table below presents the impact on comprehensive income of a 10% change in the value of the Canadian dollar on the value of the portfolio.

(thousands of dollars)	2019	2018
CAD/US Dollar	\$ 31,645	\$ 25,871
CAD/EURO	4,621	3,105
CAD/Japanese Yen	3,900	3,484
CAD/ British Pound	2,994	2,602
CAD/Swiss Franc	2,613	639
CAD/Hong Kong Dollar	661	1,201

8. FINANCIAL RISK MANAGEMENT (continued)

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 changes in interest rates on the fixed income portfolio:

(thousands of dollars)	2019		2018	
Change in nominal interest rates	+/-50bps	+/-100bps	+/-50bps	+/-100bps
Impact on comprehensive income	\$ 17,301	\$ 33,895	\$ 15,747	\$ 30,809

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	5 to 10 years	10+ years	Total	
2019 Fair Value	\$ 47,774	\$171,377	\$ 80,951	\$146,076	\$ 446,178	
2018 Fair Value	\$ 43,845	\$173,941	\$ 66,859	\$145,615	\$ 430,260	

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.

8. FINANCIAL RISK MANAGEMENT (continued)

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)	2019		2018	
Equities	1 std dev	2 std dev	1 std dev	2 std dev
% Change in market benchmark	8.8%	17.7%	8.2%	16.4%
Canadian equity	\$ 25,090	\$ 46,412	\$ 20,703	\$ 38,487
% Change in market benchmark	10.3%	20.6%	9.6%	19.3%
All world equity	\$ 43,872	\$ 80,259	\$ 35,950	\$ 66,092

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

WorkplaceNL has entered into leases for office premises with lease terms of five years with the option to renew for additional term of five years. The carrying amounts of the right-of-use assets recognized and movements during the period:

(thousands of dollars)	Right-of-Use Assets
Balance at January 1, 2019	\$ 840
Additions	1,309
Depreciation	(105)
Closing balance, December 31, 2019	\$ 2,044

The carrying amounts of lease liabilities and the movements during the period:

(thousands of dollars)	Lease Liabilities
Balance at January 1, 2019	\$ 840
Additions	1,309
Interest	37
Payments	(125)
Closing balance, December 31, 2019	\$ 2,061

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The table below represents the contractual undiscounted payments of WorkplaceNL's lease liabilities:

(thousands of dollars)	Remaining Term to Maturity		Total
	1 to 5 years	Over 5 years	
Lease Liabilities	\$1,355	\$ 1,108	\$ 2,463

10. PROPERTY, PLANT AND EQUIPMENT

(thousands of dollars)	2019			
	Opening Balance	Additions/Depreciation	Disposals	Closing Balance
Cost				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Buildings	10,880	212	(30)	11,062
Furniture & equipment	634	29	(22)	641
Computer equipment	3,540	272	(328)	3,484
Total	18,054	513	(380)	18,187
Accumulated Depreciation				
Buildings	7,271	207	(10)	7,468
Furniture & equipment	400	50	(22)	428
Computer equipment	2,664	354	(216)	2,802
Total	10,335	611	(248)	10,698
Net Book Value	\$ 7,719	\$ (98)	\$ (132)	\$ 7,489
(thousands of dollars)	2018			
	Opening Balance	Additions/Depreciation	Disposals	Closing Balance
Cost				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Buildings	10,893	101	(114)	10,880
Furniture & equipment	2,839	11	(2,216)	634
Computer equipment	4,267	147	(874)	3,540
Total	20,999	259	(3,204)	18,054
Accumulated Depreciation				
Buildings	7,128	202	(59)	7,271
Furniture & equipment	2,565	50	(2,215)	400
Computer equipment	3,269	370	(975)	2,664
Total	12,962	622	(3,249)	10,335
Net Book Value	\$ 8,037	\$ (363)	\$ 45	\$ 7,719

11. INTANGIBLE ASSETS

(thousands of dollars)	Cost	Accumulated Amortization	Net Book Value
Balance at January 1, 2018	\$ 34,286	\$ (18,986)	\$ 15,300
Additions	1,773	-	1,773
Disposals	(75)	74	(1)
Amortization	-	(2,698)	(2,698)
Balance at December 31, 2018	\$ 35,984	\$ (21,610)	\$ 14,374
Additions	2,266	-	2,266
Disposals	(3,333)	3,329	(4)
Amortization	-	(2,226)	(2,226)
Closing balance, December 31, 2019	\$ 34,917	\$ (20,507)	\$ 14,410

Intangible assets include \$1,930,623 [2018 - \$611,790] related to internally developed software which is not yet available for use.

12. FEES AND INTEREST

Fees and interest are comprised of the following:

(thousands of dollars)	2019	2018
Fund managers' investment fees	\$ 6,763	\$ 5,621
Banking fees	198	98
Interest paid to claimants	14	6
Fees and interest, net	\$ 6,975	\$ 5,725

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 less 50 basis points. The credit facility is unsecured and \$18.0 million was utilized during 2019. No amount was outstanding at December 31, 2019 and 2018.

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(thousands of dollars)	2019	2018
Accounts payable	\$ 6,095	\$ 5,199
PRIME program	12,855	14,182
Amounts due to employees	1,449	1,062
Credit balances due to employers	3,793	3,788
	\$ 24,192	\$ 24,231

14. ASSESSMENTS REVENUE

(thousands of dollars)	2019	2018
Assessments	\$ 134,420	\$ 152,486
Assessment reporting penalties & interest	758	792
PRIME refunds	(6,780)	(8,559)
Total assessment revenue	\$ 128,398	\$ 144,719

15. BENEFIT LIABILITIES AND CLAIMS COSTS

(thousands of dollars)	2019				2018			
	Short-term disability	Long-term disability	Survivor benefits	Health care	Rehabilitation	Future Admin. Cost	Total	Total
Balance, beginning of year	\$ 75,130	\$ 611,024	\$ 49,262	\$ 337,874	\$ 3,954	\$ 113,111	\$1,190,355	\$1,110,318
Add:								
Claims costs incurred:								
Current-year injuries	41,388	34,711	2,438	28,629	1,505	9,131	117,802	99,981
Interest expense	3,481	33,919	2,689	18,774	204	6,202	65,269	60,931
	44,869	68,630	5,127	47,403	1,709	15,333	183,071	160,912
Deduct:								
Claims payments:								
Current-year injuries	12,853	381	202	8,268	3	-	21,707	18,924
Prior years' injuries	31,240	59,021	6,336	32,017	915	13,600	143,129	131,793
	44,093	59,402	6,538	40,285	918	13,600	164,836	150,717
Actuarial adjustments:								
Claims experience	14,027	1,869	2,045	(5,447)	73	1,092	13,659	14,141
Inflation variance	-	(900)	(100)	-	-	-	(1,000)	(1,500)
Methods & Assumptions	1,600	10,600	700	12,600	-	2,800	28,300	(1,900)
Income replacement rate								39,900
Retirement benefit								23,000
Other gains/losses								(3,800)
Sub-total	15,627	11,569	2,645	7,153	73	3,892	40,959	69,841
Balance, end of year	\$ 91,533	\$ 631,821	\$ 50,496	\$ 352,145	\$ 4,818	\$ 118,736	\$1,249,549	\$1,190,354

15. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)

Claims Development

The table that follows presents the development of the estimated ultimate cost of claims and claim payments for accident years 2010-2019. 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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Estimate of cumulative claims:											
At end of accident year	\$147,614	\$154,043	\$144,027	\$145,724	\$148,559	\$140,967	\$141,515	\$144,998	\$134,992	\$155,062	
One year later	142,515	133,842	133,667	135,005	143,550	131,833	130,872	134,717	142,028		
Two years later	141,978	142,934	124,612	127,225	133,860	137,731	138,611	138,639			
Three years later	140,662	136,202	130,087	126,041	138,166	137,168	138,831				
Four years later	144,684	133,434	120,460	128,066	135,706	138,417					
Five years later	146,846	130,590	122,008	124,118	134,239						
Six years later	146,722	130,738	121,654	125,689							
Seven years later	149,135	126,590	124,673								
Eight years later	149,521										
Nine years later	149,753										
Estimate of cumulative claims	149,753	126,274	124,673	125,689	134,239	138,417	138,831	138,639	142,028	155,062	1,373,605
Cumulative payments	(77,918)	(70,169)	(62,794)	(62,201)	(63,201)	(58,387)	(55,477)	(49,525)	(39,724)	(20,892)	(560,288)
Estimate of future Payments	71,835	56,105	61,879	63,488	71,038	80,030	83,354	89,114	102,304	134,170	813,317
2009 and prior years Effect of discounting Occupational disease Firefighter Presumptive Coverage Claims Administration											931,564 (737,475) 90,666 32,741 118,736
Benefit Liabilities at December 31, 2019											\$ 1,249,549

15. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)

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

	2019		2018	
	CPI-Indexed awards	Other payments	CPI-Indexed awards	Other payments
Gross rate of return / Discount Rate	5.50%	5.50%	5.83%	5.83%
Inflation year 1	2.10%	2.00%	1.90%	2.25%
Inflation later years	2.00%	2.00%	2.25%	2.25%
Net rate of return year 1	3.40%	3.50%	3.86%	3.50%
Net rate of return later years	3.50%	3.50%	3.50%	3.50%
Occupational disease	9.00%	9.00%	8.00%	8.00%
Presumptive firefighters coverage	3.25%	3.25%	3.25%	3.25%
Future administration	10.50%	10.50%	10.50%	10.50%

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 / Discount rate

The gross rate of 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

15. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)

earnings loss benefits and maximum compensable earnings and assessable earnings, pursuant to the Act. The inflation rate assumption for later years is management best estimate, consistent with the range of accepted actuarial practice for workers' 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.

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 2014-16 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 2019 and concluded that reasonable range would be 8.3% -10.5% of the benefit liability. WorkplaceNL has included a provision of 9.0% of the benefit liability for latent occupational disease [2018 – 8%].

Presumptive coverage for firefighters

The Government of Newfoundland and Labrador enacted legislation to provide presumptive coverage for certain cancers for the province's career and volunteer firefighters. An actuarial study conducted in 2016 concluded a reasonable estimate would be 3.25% of the benefit liability.

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. WorkplaceNL updated its analysis in 2017 and concluded that an allowance of 10.5% of the benefit liability was reasonable (2018 – 10.5%).

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

15. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)

potentially long claims run-off periods. The table below shows the sensitivity of benefit liabilities and claims costs to changes in the key economic assumptions.

(millions of dollars)

1% Change in assumption	Impact	Benefit Liabilities	Claims Costs
Decrease discount rate	Increase	\$ 96.9	\$ 5.8
Increase inflation rate	Increase	\$ 36.3	\$ 2.9
Increase health care inflation	Increase	\$ 49.2	\$ 1.9

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 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 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.

16. EMPLOYEE FUTURE BENEFITS

Public Service Pension Plan

WorkplaceNL's contributions to the PSPP of \$2,427,600 [2018 - \$2,306,600] are included in administration expenses and have been expensed as incurred. The expected contributions to the PSPP in 2020 are \$2,450,000.

Severance payments and annual leave

Cash payments for severance and annual leave were \$746,000 [2018 - \$5,457,000]. The weighted average time to expected benefit payment is 12.0 years (2018 – 11.0).

16. EMPLOYEE FUTURE BENEFITS (continued)

(thousands of dollars)	2019	2018
Accrued benefit obligation, beginning of year	\$ 1,782	\$ 7,471
Current service cost	256	(63)
Past service cost	(1)	(168)
Interest cost	36	32
Benefit expense	291	(199)
Actuarial loss (gain)	27	(33)
Benefits paid	(746)	(5,457)
Accrued benefit obligation, end of year	\$ 1,354	\$ 1,782

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

	2019	2018
Discount rate – benefit cost	3.30%	3.30%
Discount rate – accrued benefit obligation	3.00%	3.70%
Rate of compensation increase	3.00%	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)	Increase	Decrease
Discount Rate	\$ (26)	\$ 26
Rate of compensation increase	\$ 26	\$ (26)

17. ADMINISTRATION

(thousands of dollars)	2019	2018
Salaries and employee benefits	\$ 28,062	\$ 27,608
Office and communications	2,914	2,859
Professional fees	1,879	1,984
Building operations	916	969
Travel and vehicle operating	443	412
	34,214	33,832
Less: Claims administration [note 15]	13,600	12,523
	\$ 20,614	\$ 21,309

18. LEGISLATED AND OTHER OBLIGATIONS

WorkplaceNL is required by legislation to fund the operating costs of the Occupational, Health and Safety Division of ServiceNL in delivering their occupational health and safety mandate, and all of the costs of the Workplace Health, Safety and Compensation Review Division and Statutory Reviews that take place approximately every five years. 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)	2019	2018
Service NL	\$ 5,121	\$ 4,816
Workplace Health, Safety and Compensation Review Division	1,425	1,037
Employer and Worker Advisors	1,020	1,020
	\$ 7,566	\$ 6,873

19. OTHER EXPENSES

(thousands of dollars)	2019	2018
Sector advisors and grants	\$ 612	\$ 366
Bad debt (recovery)	1,344	(226)
Business improvement projects	1,331	622
	\$ 3,287	\$ 762

20. 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 2019, \$88,278 was charged to the reserve [2018 - \$235,300] and \$1,000,000 was allocated to the reserve in accordance with Section 116 of the Act.

21. RELATED PARTY TRANSACTIONS

These financial statements include amounts resulting from normal operating transactions with various provincial government departments, agencies, and Crown corporations with which 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 on the statements of operations and cashflows for the Province of Newfoundland and Labrador are as follows:

(thousands of dollars)	2019	2018
Claims costs	\$ 3,608	\$ 3,188
Administration charges	651	491
	\$ 4,259	\$ 3,679

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)	2019		2018	
	Number	Total	Number	Total
Board of Directors				
Salary and Benefits	10	\$ 89	10	\$ 97
Senior Management				
Salary and Benefits	9	\$ 1,266	9	\$ 1,267
Severance and annual leave		\$ 14		\$ 28

23. 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 reserves. At December 31, 2019 the funded ratio was 123.4% [2018 – 119.5%]. The Fund balance consists of accumulated net operating surplus, accumulated other comprehensive income and the occupational health, safety and research reserve.

The Board of Directors has established a funding target of total assets equal to 110% of total liabilities. When the funded ratio is less than 100% or more than 120%, WorkplaceNL will adjust subsequent years assessment rates paid by employers to achieve the funding target over a fifteen-year period.

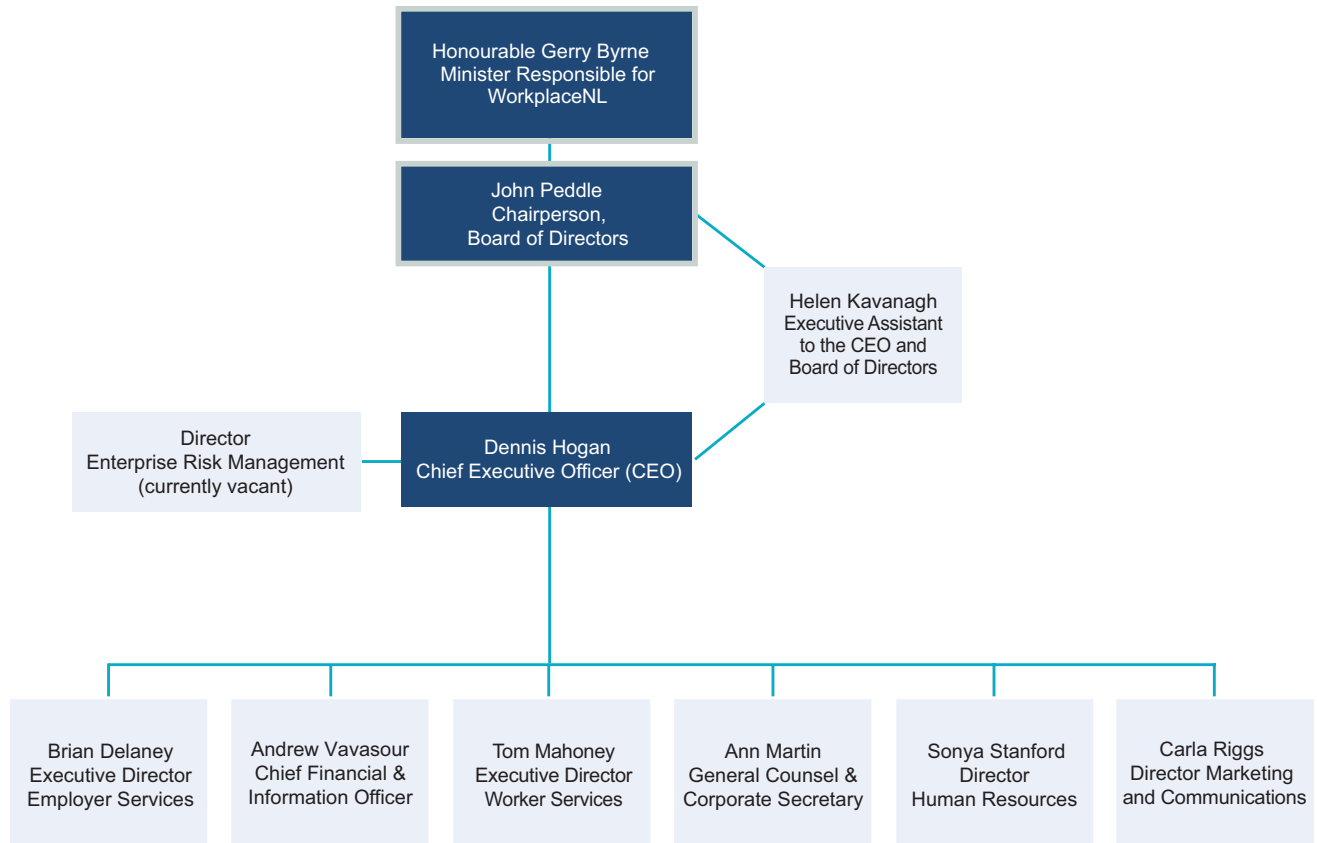
Funded Position

(thousands of dollars)	2019	2018
Total assets	\$ 1,578,912	\$ 1,453,882
Less: Total liabilities	1,277,156	1,216,367
Funded position	\$ 301,756	\$ 237,515
Reserves	\$ 2,161	\$ 1,249
Funded ratio	123.4%	119.5%

24. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19), a global pandemic. This pandemic has negatively impacted financial markets and, in turn, the value of certain investments held in the Injury Fund. Public health measures implemented provincially, and around the world, are likely to negatively impact the operations of employers and may result in lower assessable payroll and assessment revenue. At the current time, we are unable to quantify the potential effects of this pandemic on WorkplaceNL's future financial statements.

Organizational Chart



WorkplaceNL

Health | Safety | Compensation

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