



AWCBC STRATEGIC PLANNING BEYOND 2009

SITUATION ANALYSIS

The PEST (Political, Economic, Social & Technological) tool have been used to explore the Association.

Political

-Abolishment of mandatory retirement –All jurisdictions have moved towards abolishing mandatory retirement, with Nova Scotia's taking effect July 1, 2009.

-Canada will stay the course on immigration in 2009, 240,000 and 265,000 new permanent residents expected. To respond to labour market, the immigration program's 2009 plan includes up to 156,600 immigrants in the economic category; 71,000 in the family category; and 37,400 in the humanitarian category to improve the immigration program's responsiveness to Canada's labour market. Retroactive to February 27, 2008, the date specified by the Federal Budget, the Action Plan for Faster Immigration includes issuing instructions to visa officers reviewing new federal skilled worker applications to process those from candidates who:

- are in 38 high-demand occupations such as health, skilled trades, finance and resource extraction; or
- have an offer of arranged employment or have already been living legally in Canada for one year as a temporary foreign worker or international student.

-Canada Health Act –Roy Romanow's recommendation for amending the *Canada Health Act* would remove the exemption of workers' compensation boards from its provisions which currently permits expedited examination, access to private diagnostic centres and funding of treatment. This issue may resurface as the demands on the healthcare system increase.

Economic

The 2009 federal budget is heavily weighted toward construction, with close to 50 per cent of fiscal stimulus over the next two years geared to public infrastructure and housing. Finance Minister Jim Flaherty acknowledged in September 2009 that Canada will not return to balanced budgets as fast as the Conservatives originally expected, but vowed to do so at the "earliest opportunity" without raising taxes or cutting payments to provinces or households. That may take at least another five years, government documents show. In the meantime, budget shortfalls are expected to further balloon for this fiscal year and next -- reaching a cumulative \$101-billion, or a third more than previously anticipated."

-Recession and Workers' Compensation

- Impact of recession on workers' compensation systems –fewer injuries due to job loss, less assessment revenue due to lower payrolls and increased business closures, increased pressure on investment returns and reserves, duration impacted by decrease in opportunities for workers to return to work, increased vocational rehabilitation costs, re-opened claims may increase for medical reasons (elective surgeries that have been put off) and for vocational rehabilitation assistance (job accommodations necessitated by the injury and permanent disability are no longer available), necessary to revisit key statistical measure targets, budgets and staffing levels, potential for increase in risks due to pressure on safety equipment and training budgets.
- Institute for Work and Health, March 2009. Key messages about the relationship between a shrinking economy and workers' compensation rates and costs: (1) There is a long-term trend in Canada, the United States and a number of other countries towards fewer workers' compensation claims per hour worked. (2) There is fairly strong evidence that, relative to this trend, the frequency of workers' compensation claims per hour worked tends to decline in recessions and increase in times of economic recovery. Some possible explanations are that during recessions: there are fewer inexperienced workers; the least safe equipment is taken out of use; the pace of work is slower; workers fearing job loss may defer filing claims; and hazardous industries experience the largest decline in employment. (3) While it is also possible that workers facing layoff are more likely to file claims, the evidence indicates that this is outweighed by factors tending to reduce claims in recessions. (4) The evidence regarding costs per claim — both wage replacement and medical costs — are thinner and somewhat mixed. The available evidence suggests that it is unlikely that recessions would accelerate the growth of these costs.
- Experts say recession expected to have mixed impact on comp market (Risk & Insurance, June 2009). "A panel of insurance industry leaders, moderated by Harry Shuford, concluded that recessions tend to place downward pressure on workers' comp exposure. This is due, the group said, to declines in employment and slower growth or declines in wage rates. In addition, the panelists said recessions tend to place a downward pressure on workers' comp claim

frequency by increasing the skill level of the workforce. Shuford noted that the growth in indemnity severity eases during recessions, driven by the slowing of growth in wage rates. Frank Schmid, director and senior economist at NCCI, said the growth rate of workplace injury and illness rates drops sharply during recessions and rises sharply during recoveries. On net, Schmid said, recessions tend to cause a decline in the growth of workplace injury and illness rates."

- National Council on Compensation Insurance, Inc., United States, 2009). "The effect of the business cycle on the workers comp market is mixed: Frequency will continue to decline, perhaps at a modestly faster pace over the course of the recession; The growth in indemnity severity will continue but at a slower pace. Indemnity loss costs are likely to decline a bit; Medical severity will continue to increase at a distressingly strong pace, unfazed by the recession. The growth in medical loss costs will ease a bit due to the increased decline in frequency; Investment income will fall, restraining operating gains and return on equity."

-Economic Forecast, Conference Board of Canada

- The Conference Board of Canada's Help-Wanted Index is an indicator of the number of new jobs advertised online. Our empirical analysis has shown that variations in the number of jobs posted online are generally followed by similar variations in employment in the ensuing months. Thus, the index can be used to predict near-term employment trends. The document highlights: The number of new online job postings—as measured by Wanted Technologies—stood at 241,418 in August. That pushed the Help-Wanted Index to 86.9, up 2.6 points from the low reached in July.
- Canadian Month at a Glance: September 2009
Since April, employment has fallen by just shy of 31,000 positions, a much less severe decline than the 357,000 job losses observed between October 2008 and March 2009. Employment in the private sector rose by 49,000 in August, marking the first net job gains for the sector since September 2008.
- Provincial Outlook Short Term Economic Forecast: Summer 2009 (Conference Board of Canada.
Canadian Month at a Glance –September 2009 -Since April, employment has fallen by just shy of 31,000 positions, a much less severe decline than the 357,000 job losses observed between October 2008 and March 2009. Employment in the private sector rose by 49,000 in August, marking the first net job gains for the sector since September 2008.
Growth in Canada is forecast to resume over the second half of 2009. Still, real GDP will contract by 1.9 per cent this year before recovering with growth of 2.7 per cent in 2010.

Newfoundland and Labrador will have to contend with a mature offshore oil industry; a steep real GDP decline is forecast this year, and no recovery is expected in 2010.

The Maritime provinces, along with Manitoba, will post positive real GDP growth this year. All four provinces have managed to avoid the boom–bust cycle.

In Quebec, the global recession has hurt trade, but the domestic economy is holding up. After a 0.9 per cent drop in 2009, the province will turn around with real GDP growth of 1.8 per cent in 2010.

While the situation in Ontario remains challenging, there are signs that a bottom is forming in the automobile sector. Ontario's economy is forecast to rebound next year.

The outlook for Saskatchewan has been downgraded significantly. An unfavourable outlook for potash and agriculture will pull down economic growth this year.

The swift correction in the housing markets in Alberta and British Columbia is gradually fading. Both provinces will see real GDP growth above 3 per cent in 2010.

- Labour Force Survey, July 2009 (Statistics Canada, The Daily, August 2009). "Following little change in June, employment declined by 45,000 in July, with losses in both full- and part-time work. The unemployment rate remained unchanged at 8.6%, as fewer people participated in the labour market. Employment in July fell among young people aged 15 to 24 and women aged 25 to 54. Since the peak in October 2008, employment has dropped 414,000, predominantly among youths (-205,000) and men aged 25 to 54 (-201,000). While most of July's employment losses were in Quebec, there were also losses in Saskatchewan, as well as in Newfoundland and Labrador. Employment was little changed in all other provinces. The downward trend among private sector employees persisted in July, with large losses for this group partially offset by continued gains in self-employment. Employment in July fell in accommodation and food services and construction while there were increases in retail and wholesale trade. Since October, total employment has fallen by 2.4%, all in full-time work, with the vast majority of employment losses in manufacturing; construction; and transportation and warehousing. During the same period, the unemployment rate increased 2.3 percentage points to 8.6%, the highest rate in 11 years. Average hourly wages were up 3.4% from July 2008, similar to the year-over-year increases of the previous two months."
- Employment Insurance, May 2009 (The Daily, Statistics Canada, July 2009). "In May, 778,700 people received regular Employment Insurance (EI) benefits, up 65,600, or 9.2%, from a month earlier, with Alberta and Ontario showing the fastest rates of increase. This rise followed an increase of 3.7% in April. The number of people receiving regular benefits in May was the highest since comparable data became available in 1997. Following 2 months of small declines, the number of initial and renewal claims received in May increased 5.2% to 332,800, the highest number of claims since 1997."

Social

-Demographics:

- aging population resulting in loss of skilled/knowledgeable workers
- increased demand for and use of migrant/temporary foreign workers (policy/training/communications)
- vulnerability to injury for new workers
- older workers remaining in workforce (chronic illness/longer recovery times if injured)
- claim severity/return to work

-Societal Change

- Call for change in attitudes and beliefs towards the acceptability of workplace injury, disease and death.

-Health:

- accessibility to health care due to increased demands as a result of aging population
- environmental issues: airborne pollution and respiratory/allergy problems, global warming
- occupational disease –awareness, education, data surveillance, multi-causality, prevention, latency (increased future costs), regulation/policy, new materials and processes, new, emerging and re-emerging diseases (i.e.HIV, Hep C, avian flu, monkey pox, west nile, measles, mumps, TB)
- impacts on recovery times as a result of obesity, degenerative diseases of aging i.e.diabetes, addiction and mental health.
- impacts on compensation and prevention as a result of human factors such as stress, fatigue, violence and bullying issues
- threat of pandemic,
- physician shortages

-Technological

- -Impact of technological innovations to address increased global competition will result in new chemicals and biological agents in the workplace. i.e. nanotechnology
- Technological advances in research techniques and diagnostic testing will increasingly link more workplace substances (chemicals, for example) and agents (like radiation) to illness and disease
- Electronic communication can enhance accessibility of health and safety information.

Strategic Planning Beyond 2009

Vision

To drive a strong Canadian leadership role in providing the safest and healthiest workplaces in the world and a fair, affordable workers' compensation insurance system

Mission

Achieving excellence through data analysis, shared knowledge, education and networking.

Values

- Member-driven: use approaches and work towards outcomes that are member-driven and focused on member needs and interests
- Results-oriented: engage in activities that advance the mission and vision and produce measurable, tangible results
- Credible: use approaches and methods that are valid, reliable, and respected
- Realistic: carry out mission in a pragmatic manner within the fiscal and political realities of the environment in which the work is performed
- Innovative: use approaches, structures, and methods that are creative and future-oriented
- Accountable: institute reporting mechanisms that ensure accountability to members, multiple opportunities for participation, and broad sharing in the benefits of collaborative initiatives
- Ethical: conduct all aspects of the association's activities in accordance with the highest ethical standards

The following two strategic priorities and related activities provide member value will remain in the strategic plan beyond 2009 and that an additional activity is explored under the Networking and Information Dissemination strategic priority.

Networking and Information Dissemination

To enhance networking opportunities and accessibility to information and data in an efficient and cost effective manner to support member leadership in providing safe and healthy workplaces and fair and affordable workers' compensation systems.

This strategic priority will include the Association facilitating collaboration among like minded jurisdictions to support the changing of societal attitudes around the inevitability of workplace injuries. This initiative will be lead by an Executive Sponsor and referred to a working group made up of individuals that possess the expertise and experience to explore this opportunity.

Analysis and Interpretation of Data and Information

To maximize opportunities of using analysis of interjurisdictional data and information to promote more focused prioritization of issues for education/training, information sharing of best practices and opportunities for evidence base discussions.