Contents

Executive Summary..................................................................................................................................1

1.0 Effective Performance Measures....................................................................................................5
  1.1 Purpose of Performance Measurement.........................................................................................5
  1.2 Criteria for Effective Performance Measures..............................................................................7
  1.3 Performance Measures in Other Jurisdictions..............................................................................10

2.0 Background on the Board’s Performance Reporting and Development of Performance Indicators ......10
  2.1 Early References to Performance Measurement.........................................................................10
  2.2 WCB Bulletin (1992 to 1995).......................................................................................................10
  2.3 Consultants’ Recommendations....................................................................................................10
    Administrative Inventories (1991 to 1997)....................................................................................10
    Deloitte and Touche’s Review of the Adjudication Function (June 1992)......................................10
    Auditor General of British Columbia Accountability Reporting at the WCB (1998) ..................10
  2.4 Internal Audit Department..............................................................................................................10
  2.5 Statistical Services Department....................................................................................................10
  2.6 Divisional Reports..........................................................................................................................10
  2.7 Key Performance Indicator Reports..............................................................................................10

3.0 Analysis of the Board’s Performance Indicators..............................................................................10
  3.1 Corporate Performance Indicators..................................................................................................10
    Overview of Findings.........................................................................................................................10
    Corporate Indicators.......................................................................................................................10
    Conclusions Regarding Corporate Indicators..................................................................................10
  3.2 Performance Indicators for Prevention............................................................................................10
    Overview of Findings.........................................................................................................................10
    Potential Indicators..........................................................................................................................10
    Indicators in Use...............................................................................................................................10
    Auditor General’s Observations and Recommendations.................................................................10
  3.3 Performance Indicators for Rehabilitation and Compensation.....................................................10
    Overview of Findings.........................................................................................................................10
    Potential Indicators..........................................................................................................................10
    Indicators in Use...............................................................................................................................10
    Auditor General’s Observations and Recommendations.................................................................10
  3.4 Performance Indicators for Finance and Information Services......................................................10
    Overview of Findings.........................................................................................................................10
    Potential Indicators..........................................................................................................................10
    Indicators in Use...............................................................................................................................10
    Auditor General’s Observations and Recommendations.................................................................10
Executive Summary

The Board has developed a set of performance indicators, which it uses to report on its performance. This project examined the set of performance indicators used by the Board, to determine the extent to which the performance indicators are consistent with accepted criteria for “effectiveness”, including the extent to which they address relevant aspects of WCB services and outcomes, and the extent to which they provide clear, accurate and useful information to the WCB with respect to current performance and changes needed.

Just after this project was initiated, the Auditor General of BC’s office conducted a review of the Board’s accountability reporting, including its performance indicators. The Auditor General’s office was commissioned by the Board to conduct this review. The review provided a number of very useful suggestions to the Board in terms of additional content areas to include in performance reporting.

The Auditor Generals’ report focused on the information reported to the Panel of Administrators, and information reported to stakeholders through the Annual Report. In particular, the study reviewed the following WCB reporting mechanisms¹ (p.7):

- the 1996 annual report;
- the Key Performance Indicators (KPI) reports, which are prepared monthly for the Panel of Administrators;
- the Corporate Business Plan, which is provided to the panel annually;
- *Transforming the Workers’ Compensation Board of British Columbia: A Strategic Plan*, prepared by the Senior Executive Committee of the WCB and approved by the Panel;
- *WorkSafe Ad Tracking Wave 4 Report*, prepared by the Angus Reid group; and
- reports to the Panel and its sub-committees and minutes of the meetings of those committees.

The report’s recommendations focused primarily on content areas missing in the set of indicators. Needed improvements in data collection and monitoring processes carried out by the Board were implied in some of the recommendations although not specifically addressed. One of the recommendations dealt with the importance of providing assurance to the Panel of Administrators with respect to the adequacy of the information. Similarly, the meaningfulness and accuracy of the indicators currently in use, and the ways in which the Board interpreted the trends observed in the performance indicators, were not directly assessed. The scope of the project and its limitations are discussed by the report’s authors as follows (p.7-8):

We did not audit the accuracy of the data presented in any of the reporting to the Panel or in the annual report, nor did we address the timeliness of the reporting. We also could not assess the accuracy of the contextual information and explanations provided to the Panel by WCB management, and we did not review the appeal process.

Finally, we wish to reiterate that the assessment did not address the individual accountability relationships that exist between the WCB, its clients and stakeholders, for specific cases or issues. The assessment was concerned only with the reporting of organizational performance as a whole.

The present report deals primarily with the Key Performance Indicator reports presented by the Board to the Panel of Administrators on a monthly or bi-monthly basis. It also draws from other Board reports, including Divisional Reports and Annual Reports, some of the Board’s Internal Audit reports, WCB Bulletins, Briefing Papers prepared by the Board for the Royal Commission, consultant reports (e.g., Deloitte Touche) and the Administrative Inventories commissioned by the Board over the past few years, where issues are raised with respect to management information and data collection. In addition, it addresses issues with respect to data accuracy that have arisen over the course of the inquiry, as a result of specific data requests made to the Board. Like the Auditor General’s report, this project is unable to assess the accuracy of contextual information and explanations provided by the Board. However it does attempt to
determine, where possible, the extent to which there is evidence for some of the statements made with respect to the trends.

This report examines Key Performance Indicators at a Macro or Corporate level, as well as those in place for the Prevention Division, the Rehabilitation and Compensation Services Division, and the Finance and Information Services Division. A separate report was prepared for the Royal Commission on the Board’s Human Resources, which includes a discussion of Key Performance Indicators.

The present report begins with a brief review of information on criteria for effective performance measures, and on performance measurement in other jurisdictions. Next, the Board’s current approach to performance measurement is discussed. The program logic models recently developed in the report by the Auditor General of BC’s office on WCB’s performance measurement are used to provide an overview of the key activities, outputs and outcomes of each major division of the Board; these are supplemented, where necessary, when Board documents and program information suggest additional elements. Finally, an analysis of the Board’s Key Performance Indicators is conducted, using the criteria for effective performance measures as a basis for evaluation.

The following conclusions are drawn:

- the Board’s current set of performance indicators represent an improvement over previous reporting on services and outcomes, although many of the indicators have been used by the Board since 1992 or earlier
- the Board contacted other jurisdictions in order to determine which indicators were being used in these jurisdictions and to develop ideas for use in BC; other jurisdictions appear to provide few “best practice” examples in the area of performance measurement
- the Board’s indicators address some important areas of Board performance, however many are too broad to provide information on whether or not the Board’s specific programs and services are having an effect; several of the indicators provide unclear or ambiguous information on Board performance,

---

2 For example, the Compensation Logic Model does not include outcomes from compensation and rehabilitation that are not ultimately aimed at restoration to pre-injury physical status and return-to-work, (for example, pensions for 100% disability and survivor benefits, aimed at providing support when restoration of pre-injury status and return-to-work are impossible).
and in many cases the performance indicators cannot be tied to changes in program design

- a number of critically important indicators are lacking: the Board continues to provide insufficient information on its three major corporate goals, that is, safe workplaces, fair compensation, and successful rehabilitation and return-to-work

- as pointed out by the Auditor Generals’ Accountability Reporting Review of the Board, there is not enough information on secondary impacts; secondary impacts are important to monitor particularly as new policies and processes are introduced, and it is secondary impacts that are often of concern to Board stakeholders

- the Board does not appear to sufficiently acknowledge the limitations of its indicators in its public documents; additionally, because of historic and ongoing data problems at the Board, some of the data may not be accurate

- since there are so many interacting variables in this complex business, more needs to be done to monitor trends and interactions
1.0 Effective Performance Measures

1.1 Purpose of Performance Measurement

The Office of the Auditor General of British Columbia has produced an Accountability Framework\(^3\) which it hopes will guide government agencies in planning, managing and reporting on their results. The report provides a model for performance management that illustrates the links between objectives, strategies to meet objectives, management systems, and performance measurement and reporting. The report states that (p.25):

If improving accountability for performance is the goal, performance management is the process by which it will happen. To facilitate performance management, the performance objectives of an organization must be clearly stated and effective strategies for achieving those objectives identified. Progress against these objectives must be regularly measured and reported, and variances acted on.

Performance measurement and monitoring helps clarify the purpose and goals of organizational programs and helps to communicate costs, results, and value. Mayne and Zapico-Goni note that (1997)\(^4\):

Unlike the private sector, public sectors do not have a single “bottom-line”. …A well-performing public program or service is one that is providing, in the most cost-effective manner, intended results and benefits that continue to be relevant, without causing undue unintended effects. …The best known performance measures are the traditional 3Es of economy (minimizing the consumption of inputs), efficiency (the relationships between inputs and outputs), and effectiveness (outcomes achieved as compared to expectations).

---


Mayne and Zapico-Goni also argue that, in order to be of significance to decision-makers performance, monitoring requires:

- Organizational incentives to support performance monitoring including clear goals, and a strong, active management regime which pays attention to performance information (e.g., a commitment to demonstrate and report what results have been accomplished).
- Linking ongoing performance measurement with planning initiatives and periodic program and policy evaluations.
- Recognizing that stakeholders are a key and constructive reference for developing effective performance monitoring.
- Addressing more than traditional strictly quantitative aspects of performance to include a variety of measurable outcomes.

Performance information is intended to enhance accountability and contribute to evidence based decision making. Before performance information can be measured and used, the administrators delivering the programs must decide what aspects of performance to measure and how to measure them. Where there is no consensus or clarity about program goals or legislative mandates, program administrators have considerable discretion about how and what they choose to measure and report.

As Barbara Wake Carroll⁵ recently observed, the obstacles to developing a sound performance measurement are as follows:

- The choice of indicators is not neutral since they measure different attributes, support the interests of some constituencies over others, and focus on either short or long term effects;
- The effects of multiple influences on results, including the contributions of different governments and interaction effects among those influences, may be difficult to discern;

---

⁵ Barbara Wake Carroll provided an excellent review of the issues, in far more detail than can be recounted here, in a presentation to the Institute of Public Administration of Canada and Public Policy Forum Roundtable on Performance Management on November 17, 1997 in Hull, Quebec. Discussion in Evert Lindquist. Getting Results Right: Reforming Ottawa’s Estimates. Unpublished Draft (February 26, 1998). Department of Political Science, University of Toronto. (p.20)
• Governments are left to deal with the “messy” or “wicked” problems that the private sector and communities avoid, so measurement is inherently difficult;
• Once performance indicators are chosen, governments and managers have incentives to ensure progress on those fronts, thereby biasing results and diverting attention from other issues; and
• Indicators cannot capture unanticipated effects nor the symbolic importance of programs.

In addition to choosing what aspects of performance to measure, program administrators have the responsibility of ensuring their information systems are capable of producing objective, reliable, and quantifiable indicators.

Thus, the concomitant responsibilities of program administrators are to choose indicators that reflect program goals and to ensure the organization has the capacity to measure them.

1.2 Criteria for Effective Performance Measures

The Auditor General of BC’s Accountability Framework report points out that program performance measurement is being implemented in the public service programs of many governments at all levels, and that the types of performance measures that can be used fall into five broad categories:

• Input Measures: the resources used by the activities (e.g., money spent, number of employees)
• Output Measures: direct, measurable results of program activities (e.g., number of courses provided)
• Efficiency Measures: how much output is achieved per unit of input (e.g., number of courses provided per $1,000)
• Outcome Measures: effects or impacts on society of the program’s activities (e.g., reduced workplace accidents, increased understanding and use of regulations)
Client/Customer Satisfaction Measures: a type of outcome measure, appropriate where the client group is easily identified and where perceptions of the client are an important component of program success.

The report also provides the following criteria with which to assess performance measures. The Auditor General states that good performance measures should be (p. 83-84):

1. Appropriate and Relevant, that is they should:
   - follow naturally from the goals and objectives articulated in the organization’s strategic and business plans
   - be limited to a reasonable number
   - be simple, meaningful, and manageable
   - be developed in consultation with program managers, their staff, and key stakeholders

2. Complete and Balanced, that is they should:
   - include all information relevant to users, with different amounts of detail necessary for different users
   - be appropriately balanced between those measures for input, output and outcome

3. Clearly Defined and Accurate, that is they should:
   - be clearly defined so employees responsible for collecting the information know precisely what to do
   - have been gathered and analyzed using sound methodology

4. Timely, that is they should:
   - be available in time for decision-making

5. In Context, that is they should:
   - be explained and contextual information be provided with the measures to explain the results and allow the reader to reach an informed conclusion

6. Cost-Effective, that is they should:
   - be selected with attention to ease of data collection, ensuring that the measures selected are appropriate and useful: if data is not already being collected, effort should be made to identify measures that don’t impose immense measurement problems
Similar effectiveness criteria for performance measures have been cited elsewhere. For example, Mayne and Zapico-Gonis (1997)\(^6\) state that:

Criteria for “good” performance measures are known. Without pretending to be exhaustive, the following are the essential characteristics of successful performance indicators highlighted by many authors (Bens, 1986; Cave, Kogan et al. 1989; Carter 1991; Bledsoe 1983):

- **Validity** – being appropriate to the objective; representing all relevant needs to be met and the related problems to be solved by the organization.
- **Reliability** – making it possible to identify without ambiguity high or low values of the indicator with favorable or unfavorable performance; not susceptible to manipulation and/or challenge; based on data produced by accurate information systems; feasible to obtain accurate observations.
- **Usefulness** – this characteristic can refer to many other additional attributes such as clear, meaningful, and adapted to management needs and capacity; parsimonious (frugal) as opposed to promiscuous (indiscriminate); easily accessible; timely, ready to guide action promptly; purpose-driven as opposed to data-driven; and financially feasible.

Mayne and Zapivo-Gonis (1997) also provide a list of “lessons learned” with respect to the development of performance indicators which, in addition to the above, include involving service providers and recipients in their development, balancing the indicators to cover multiple or conflicting objectives, ensuring that the measures are controllable by the agency being monitored, and continually updating of the performance-indicator system (p.19).

---

In an “outside-looking-in” review of the performance management initiative in the federal government, Evert Lindquist suggests that performance initiatives for the most part have not been useful to decision makers:

While I support the effort to encourage ministers, public servants, legislators, and citizens to focus on performance, I believe that there is a disconnect between the aspirations for performance management held by advocates and the realities it must surmount. To use the language of performance measurement, the advocates do not have a compelling “logic model” about how the touted reforms in reporting are to pierce through existing patterns and dynamics in our governance system to achieve the desired changes in political, bureaucratic and public behaviour.

Lindquist suggests it would be interesting to have data collected on:

1. the amount of time that [decision makers] spend reviewing reports;
2. the number of standing committees that review performance reports in meetings;
3. the length of time that standing committees devote in reviewing reports;
4. the amount of coverage performance reports and results indicators receive in the media;
5. the number of citizens who reviewed a performance report; and
6. the proportion of lobbyists, consultants, interest groups and academics who have reviewed performance reports.

Based on these reviews, the following four criteria were used to assess the Board’s Key Performance Indicators, on a corporate level and for three Divisions (Prevention, Rehabilitation and Compensation Services, and Finance and Information Services):

- Balance: Inputs, Efficiency, Outputs, Outcomes, Satisfaction
- Appropriateness

---

7 Evert Lindquist. Getting Results Right: Reforming Ottawa’s Estimates. Unpublished Draft (February 26, 1998). Department of Political Science, University of Toronto. (p.20)
• Reliability and Usefulness
• Accuracy and Availability

Additionally, the Board’s presentation and interpretation of these indicators is discussed in a fifth category:

• Reporting and Responding to Trends

### 1.3 Performance Measures in Other Jurisdictions

As discussed below, prior to introducing its set of performance indicators, the Board conducted a review of other jurisdictions.

In 1996, The Board contracted with *Nexus Actuarial Consultants* to conduct a survey of Canadian Worker’s Compensation jurisdictions with respect to classification, pricing, performance measures, and experience rating. For this study, Nexus Actuarial Consultants provided a list of performance measures and surveyed each jurisdiction with respect to whether or not the jurisdiction:

• viewed the measure as a key outcome measure
• currently collected or calculated this measure
• believed it would be useful to have this measure
• currently collected a different but similar measure

The survey also included an open-ended question asking, “What key outcome measures have we not included in our list?”

The primary purpose of the survey of performance measures was “to identify the financial cost drivers of the system”.\(^9\) The measures listed by Nexus were\(^{10}\):

---


10. The wording of some categories is modified here for ease of comparison with existing Board measures.
1. *Prevention Measures*: number of claims; number of claims by duration (various claim types); injury rate (various claim types)

2. *Compensation and Rehabilitation Measures*: timeliness of payment/income continuity; duration of STD claims – new and reopened; percentage of STD claims re-opened; costs of benefits (awards by types and award year); return-to-work rates (STD and LTD) – same employer, same job, different employer, etc.; percentage of STD’s to LTD’s, and percentage of LTD claims which recover

3. *General Measures*: number of active claims (new and reopened); ratio of recurrent/reopened active claims to new active claims

4. *Administration Measures*: total number of WCB employees; WCB administration costs and costs per employee; other agency(s) administration costs and costs per employee; active STD claims per employee

The report concluded that:

- there are a number of measures that most, if not all, jurisdictions consider to be key outcome measures and yet very few jurisdictions collect, including: the number of STD and LTD claims where workers return to the pre-injury employer in either the same job, a modified job, or an alternative job, or to an alternative employer; the number and percentage of STD claims reopened; the percentage of LTD claims that recover
- most jurisdictions collect information on the “two most recognized cost drivers of the system”, namely injury rate and average cost per STD claim
- in order to understand changes in average cost per STD claim, most jurisdictions also collect information on average duration of STD claims, percentage of STD claims that go on to become LTD claims (propensity to award LTD), and average percentage wage loss and/or average percentage disability rating

The report also recommended that:
• some performance information should be collected on a “reported” basis and some on an “incurred” basis, depending on the primary purpose of the measure
• at the highest level of reporting, performance measures should be limited to 3 or 4 measures in total, which should include the average assessment rate, the frequency of STD claims, the average cost per STD claim, and the size of the assessable payroll; a fifth measure, the percent funded, should be reported only as long as the WCB has an unfunded liability
• at a more detailed level, primarily for the analysts of the system, the Board should also calculate measures such as: average duration of claims, percentage of STD claims that become LTD, and average percentage wage loss and/or disability

It is not clear why such a small number of high level measures are recommended for an organization the size and complexity of the WCB of BC. It is also not clear why the costs of STD claims are considered the only important claim costs to track, when these account for only about half of the total claims costs. Also, the suggestion that “percent funded” should only be reported as long as the Board has an unfunded liability seems problematic in that this variable can be very volatile (for example, decisions like the recent one to reinstate widow pensions can seriously threaten a comfortable position). Monitoring it closely in both good and bad times seems essential. As will be discussed below, however, this is much more meaningful if done on a subclass by subclass basis, and the Nexus report also recommends reporting at a subclass level. The report also stated that the three or four high level measures that it recommended should be distributed widely and frequently. Most of these basic statistics have been provided for years by the Board in their Annual Reports.

The review of other jurisdictions, conducted by researchers for the Royal Commission, reported the following with respect to performance measurement in workers compensation across Canada and in other selected jurisdictions\(^\text{11}\) (p. 15-16):

One of the clear gaps in the information available is the general absence of a systematic approach to performance evaluation. All workers’ compensation agencies collect a large amount of statistical data … (including data on the number of claims by type, duration, etc.) … The collection, tracking and reporting of these measures is intended to assist the workers’ compensation agency in monitoring the operation of the system. However, as noted earlier, there is little standardization and consistency in the information collected across jurisdictions, there is little ability to routinely prepare and present statistical indicators which are useful in guiding management decisions and, in some cases, critical information to guide and inform the system is not being collected.

… The lack of standardized information to undertake a performance-based comparison of different systems is of concern to sub-national workers’ compensation systems. The Heads of Workers Compensation in Australia recently launched an initiative to develop “best practice” principles and standards to guide the development of high quality, effective and consistent workers’ compensation practices across all Australian jurisdictions. The International Association of Industrial Accident Boards and Commissions (IAIABC) is currently undertaking a benchmarking study to develop a “list of data elements that are essential to creating a comprehensive and standardized data set for workers’ compensation administrative agencies … to help identify the causes of workplace injuries and illnesses, monitor the benefit delivery system, measure aggregate system costs, identify system cost drivers, evaluate the impact of legislative and regulatory changes, and facilitate interjurisdictional comparisons.”

Many of the systems studied do not appear to have a formal performance evaluation system, though a few systems do have some form of rigorous ongoing strategic planning process in place to guide operations and to establish goals against which performance can be checked.

Similar findings were reported in the recent Inquiry into Occupational Health and Safety in Australia¹², which examined, as part of its research, the performance measures used

---

in various Australian jurisdictions. Some of these related to outputs or service delivery expectations for the agency, whereas others related more directly to outcomes. In general, the Inquiry found that the accountability arrangements for the agencies were deficient, and that little effort was being made to assess the benefits of individual programs. The report states (p.46):

Basic questions about Australia’s OHS performance cannot be answered due to a lack of reliable data. Agencies rarely undertake formal program evaluations. ...The lack of performance measures mitigates against assessing the effectiveness of OHS policies and programs, potentially compromising their effectiveness. It prevents agencies continuously improving their policies and programs. It precludes informed decisions about the best mix of prevention programs, such as the balance between enforcement and workers’ compensation for generating incentives for safety.

As noted above, the International Association of Industrial Accident Boards and Commissions (IAIABC) is working to develop a system for benchmarking the administration of workers compensation in the United States. In a related paper by Clayton and Thomason (1995)\textsuperscript{13}, entitled *Workers’ Compensation Benchmarks*, a preliminary set of indicators is provided. There are only a few indicators that are different from what the WCB of BC is already providing, albeit sometimes in derived form (e.g., rather than exact labour force size statistics overall and by industrial grouping, the WCB of BC collects payroll data and derives from these statistics, along with STD claims accepted, the number of injuries per 100 workers). In particular, the proposed benchmarks are:

1.  \textit{Workforce Coverage and Incidence Rates}: labour force (aggregate size and distribution by industrial grouping); claim incidents (totals; distribution by claim type, i.e., health-care only, lost-time, fatalities; distribution by nature of injury, cause of injury, part of body injured and age and sex of worker)

2. **Income Replacement (Cash) Benefits:** information by benefit types (for each benefit type, total number of cases, total dollars expended, and average duration); management information (time-lag in reporting injuries, time lag in payment of initial benefit)

3. **Medical/Vocational Rehabilitation Benefits:** medical payments (total medical payments; distribution of payments by benefit type; distribution of payments by medical grouping, i.e., hospital, physician, drug, other); vocational rehabilitation payments (total payments; distribution of payments by source/purpose, i.e., evaluation, education, job placement; outcome results)

4. **Litigation and Adjudication:** proportion of cases with attorney involvement, proportion of cases involving disputes (informal disputes, formal disputes), issues in dispute, dispute resolution (number and proportion of cases resolved at informal level, number and proportion of cases resolved at formal level, number resolved at judicial level), dispute resolution outcomes (informal level, formal level, judicial level), time from filing to dispute resolution

5. **Customer Satisfaction:** employee satisfaction (timeliness of contact, access to information about the system, satisfaction with outcome of issues in dispute), employer satisfaction (access to coverage, level of loss prevention services, satisfaction with claims services)

To illustrate the kinds of performance measures that are being used in other jurisdictions, examples from Alberta, Manitoba, and the United States (OSHA), are discussed below. This is not an exhaustive review, but simply a look at samples provided to or obtained by the Royal Commission over the course of its inquiry.

In Alberta, occupational health and safety and compensation services are also handled separately by two different agencies – Alberta Labour and the WCB of Alberta. In the 1996 Performance Report\(^{14}\), the WCB of Alberta presents a number of input measures that are similar to those used by the WCB of BC, such as number of claims reported, number of new lost time claims (i.e., STDs), number of appeals, and number of
employer accounts. The Performance Report also lists five corporate objectives, with corresponding performance measures and information reported, including:

1. **Improved Services to Injured Workers**: making timely payments to workers (e.g., percent of claims paid within 7 days of registration); managing health care (e.g., indicators on costs and outcomes for external providers); timely medical advice to help manage cases better (e.g., average file review cycle time); providing quality occupational rehabilitation (e.g., client satisfaction with “courteous treatment” and “keeping the client informed”); average claim duration and cost per claim; other worker satisfaction measures.

2. **Improved Services to Employers**: average premium rate; employer satisfaction measures (e.g., “provide helpful information”, “timely information”, and “reasonable premium”); response rates on employer calls; attendance and satisfaction with employer workshops and seminars; other administrative measures (e.g., number of responses to requests for clearance and proof of coverage certificates, days required to process renewals, days required to adjust employers claims experience)

3. **Reductions in Frequency and Severity of Workplace Injuries**: injury frequency per 100 workers; number of participants in the Voluntary Incentive Plan (VIP) and total VIP premium refunds; number of employers attending claims management seminars and requesting and receiving claims management consulting services, and number of employers implementing new modified work programs

4. **Improved Internal Performance**: mostly itemized activities toward this objective, rather than quantitative measures, within major categories of: developing and implementing communications; implementing effective information services; improving internal business performance; managing effective staff health and safety programs; providing administrative support services

---

5. **Improved Financial Performance**: year-end operating surplus; percent funded; total dollar amount of third-party recoveries; number of fraud investigations, number of convictions, and funds recovered; overall statement of operations and fund balance at year end

In addition to the quantitative measures, the report provides brief summaries of activities completed during the year with respect to these objectives. For example, included under “Improved Services to Employers”, are the introduction of a simplified renewal form, new employer seminars on appeals and claims management, and a new account manager service.

Alberta Labour presents an occupational health and safety model that conceives of a process of change amongst employers that starts first with *motivation*, proceeds through *ability* and then *action*, and ends in *results*. Strategies and expected results are built around this model. In Alberta Labour’s Occupational Health and Safety Business Plan 1997-1998 to 1999-2000, the following Key Performance Measures are listed:

1. The number of companies which have established effective health and safety programs
2. Awareness and control of worksite hazards at worksites
3. Reduction in lost time injury claim rates distinguished for all industries, and for firms/industries participating in specific programs

Manitoba also has an occupational health and safety function separate from the WCB, which is provided through the Workplace Safety and Health Division (WS&H) of the Manitoba Department of Labour. The WCB of Manitoba has developed a set of performance indicators that correspond to eleven strategic goals. Its 5-year strategic plan, developed in 1997, focuses on the eleven “key performance areas” of: fair and responsive service, clear communication about entitlement and provision of appropriate benefits, financial accountability, stakeholder influence, fairness and sensitivity of the benefit system to meet worker needs, fairness and stability of employer assessment, effectiveness of injury prevention (in partnership with the WS&H), proactive and

---

17 Workers Compensation Board of Manitoba. Reaching for New Levels of Service. 1997 Five Year Strategic Plan.
beneficial partnerships with other organizations, responsiveness to the changing realities of the work environment, integration of organizational goals with human resource strategies, and positive public image. Measures related to these performance areas include many that appear similar to those used by the WCB of BC, such as:

- client satisfaction with various aspects of service delivery, such as timeliness, responsiveness, personal service and clarity of communication
- timely initial adjudication decisions on time-loss claims
- analysis of rate changes over time to ensure rate stability and steady improvement
- majority of WCB-related media coverage being neutral or positive

Others, however, appear to be unique, such as:

- client confirmation that they understand their benefits and receive the entitlements for which they are eligible
- internal reviews and audits which confirm improvements in clients’ receipt of appropriate information and entitlements
- analysis and feedback confirming the fairness and sensitivity of benefit system features
- actions taken on opportunities to improve fairness and sensitivity of benefit policy and practice
- client feedback confirming fairness and understandability of the assessment system
- analysis of reconsiderations and appeals of decisions which confirm that the assessment system is fair and understood by employers

Manitoba Department of Labour’s Workplace Safety and Health Division has implemented an approach to planning, intervention, and monitoring which integrates principles of accountability. Its “Multi-year Strategic Plan” document includes background information on how input into the plan was obtained and trends in the nature of work as well as injury and disease that influenced the plan. The Division has
evaluated and reported on its effectiveness since 1993 using the accountability framework established by the Canadian Comprehensive Auditing Foundation\textsuperscript{19}. The Division notes that a critical component of any plan is to develop methods to measure success, and that specific components of its strategic plan will be evaluated to measure effectiveness and provide direction for future plans. Client and staff surveys, analysis of WCB data, internal human resource trends, budgets, and cross-jurisdictional comparisons were among the sources of information used for these annual reviews.

For example, the Department conducts client surveys\textsuperscript{20} which ask employers and workers to rate the importance of various services, including information inquiry services, safety and health training, accident and complaint investigations, and safety and health inspections, and to rate the extent to which they are satisfied with these services. Other service attributes, such as accessibility, fairness, efficiency and effectiveness are also rated in these client surveys. From these surveys, the Department determines where workers and employers are less satisfied with services provided, and in which industries and size of business dissatisfaction is greatest. Strategies to further explore needed changes to specific services are thus identified.

In the United States, the Occupational Safety and Health Administration (OSHA) handles prevention services for 25 States, with compensation services handled separately by public agencies or by private insurers regulated by public agencies. In its Strategic Plan for Year 1997 to 2002, OSHA states that (p.3)\textsuperscript{21}:

\begin{quote}
This Plan, designed to serve as a high-level policy document to guide agency direction and resource allocation for these program years, defines the Agency’s goals and objectives and provides clear benchmarks for evaluating Agency performance. By defining performance measures that are outcome-oriented (e.g., reduction in injury and illness rates), rather than activity-oriented (e.g.,
\end{quote}

\textsuperscript{19} This framework consists of twelve attributes: Relevance, Acceptance, Responsiveness, Achievement of Intended Results, Appropriateness, Management Direction, Working Environment, Reporting and Monitoring, Costs and Productivity, Financial Results, Protection of Assets, Secondary Impacts.
\textsuperscript{20} Discussed in Manitoba Labour’s Workplace Safety and Health Division. Reporting on Effectiveness. Year Three. 1996.
number of inspections conducted), the plan provides clear benchmarks for evaluating Agency performance.

OSHA does not identify its specific target injuries, illnesses and industries in the plan, but states that each year it will set specific targets which it will discuss in its Annual Performance Plan, after reviewing a number of data and information sources to develop its Annual Performance plan, including:

- data collected by the Bureau of Labor Statistics on occupational injuries and illnesses
- the results of OSHA’s Priority Planning Process
- the National Occupational Research Agenda developed by the National Institute for Occupational Safety and Health
- the occupational safety and health literature
- field experience of OSHA inspectors

OSHA presents three strategic goals upon which its performance measures are based:

(1) Improve workplace safety and health for all workers, as evidenced by fewer hazards, reduced exposures, and fewer injuries, illnesses and fatalities
(2) Change workplace culture to increase employer and worker awareness of, commitment to, and involvement in safety and health
(3) Secure public confidence through excellence in the development and delivery of OSHA’s programs and services.

For the first goal, OSHA sets performance targets for specific types of injuries, illnesses and industries, along with targets related to regulatory changes and rates of industry compliance. OSHA also establishes standards for service delivery against which it will assess performance, including initiating inspections of fatalities and catastrophes within one working day to prevent further injury or death, and investigating worker complaints within one working day.

With respect to the second goal, OSHA plans to monitor the number of firms with Cooperative Compliance Programs (OSHA’s cooperative program aimed at improving
worksite health and safety programs) in place, as well as the proportion of employers who have implemented effective health and safety programs or who have improved their existing programs. Additionally, OSHA has measures related to the availability of information for employers and workers in order to increase awareness, the speed of response to requests for information, the development and delivery of training to workers and employers in skills necessary for effective worker involvement in safety and health, the extent to which workers and employers view OSHA’s standards (i.e., regulations) as readable and understandable, and usefulness of service to small businesses.

With respect to the third goal, securing public confidence through excellence in program development and delivery, OSHA states (p.11):

Over the next six years, OSHA will seek to strengthen its reputation as a leader in occupational safety and health by identifying and addressing the significant causes of workplace injuries, illnesses, and deaths. Through the effective delivery of its programs and services, OSHA will demonstrate that it has a positive impact on occupational safety and health and has increased public confidence that OSHA is carrying out its mandate.

OSHA will accomplish this by ensuring that its program delivery systems are effectively and efficiently leveraging its resources to achieve maximum impact, that management systems provide the data necessary to accurately target the most prevalent sources of workplace injuries and illnesses, that staff are well-trained and knowledgeable and are delivering services in a fair and consistent manner, and that work processes and systems are aligned with Agency goals. OSHA will also institutionalize mechanisms to gather data to assess its performance against the goals established and to obtain feedback from its stakeholders and partners to assess on a continuing basis whether they believe that OSHA is delivering on its promises and is positively impacting worker safety and health.

OSHA is somewhat less specific in terms of measures for this goal. Among the measures listed are that, within the next few years, information systems and strategies necessary to collect performance data and analyze agency and individual performance
will be in place, and stakeholders will rate OSHA partnerships and OSHA staff as positive or satisfactory on a number of dimensions. Other measures address organizational redesign, paperwork reduction, and integrity of financial systems.

OSHA further discusses how it will monitor and review its strategies and measures, and how it will supplement this information with systematic program evaluation, as follows (p.18):

Program evaluation is an integral part of OSHA’s planning, implementation, and goal achievement process. ...OSHA plans to use performance goal evaluation to analyze the effectiveness of the strategies outlined in this Strategic Plan, to ensure that resources are being used effectively, and to project the impacts of future changes in resources on the achievement of each performance goal. Strategies and measures will then be reviewed and refined to maximize efficiency and effectiveness. Performance goal achievement will be measured annually, although data from more than one year will generally be needed before major changes are made (this approach minimizes the likelihood of over-hasty responses to short-term data aberrations or artifacts). ...The Agency is planning to conduct five or more systematic evaluations of its programs, strategies, or products (e.g., specific safety and health standards) in each of the next five years.

Additionally, OSHA identifies six factors that may impact its ability to effectively carry out its mission, achieve its strategic direction, and measure the impacts of its programs, including: general economic conditions (e.g., in economic downturns, injury rates may decline for a number of reasons); the changing nature of work and workforce demographics; legislation/budgetary decisions; partner, stakeholder and customer needs; data systems and data analysis to support performance measurements; and catastrophic incidents. OSHA states that (p.20):

Many of the factors can have a large influence on workplace incidence rates and confound the Agency’s ability to accurately identify a particular cause for shifts in safety and health conditions in specific firms or industries. OSHA will monitor
these factors, evaluate their impact, and make adjustments to its program to ensure that its efforts are responsive to these conditions.
2.0 Background on the Board’s Performance Reporting and Development of Performance Indicators

2.1 Early References to Performance Measurement

References to performance measurement and accountability can be found many years prior to the 1996 Strategic Plan. For example, the Board’s 1992 Annual Report stated that\(^\text{22}\):

\(\ldots\text{In 1992, the Governors sought to reflect and instill the values universally expected from a public agency – openness, accountability, fairness, effectiveness, economy and efficiency, comprehensibility, principled and authoritative decision-making, and integrity. \ldots}\)

The ongoing challenge for everyone at the Board is to adhere to these values when confronted with competing interests.

In the same report, the “Message from the President”, then Kenneth M. Dye\(^\text{23}\), stated that the change in governance structure in 1991 has resulted in a transformation of the Board into “an agency that is increasingly and directly accountable to the communities it serves”. The report goes on to say that:

The WCB’s commitment to accountability and openness goes far beyond our statutory requirements. In fact, we’ve enthusiastically embraced this positive new direction, and it is now a driving force behind a number of key Board initiatives. Perhaps most importantly, it has motivated us to put into place a system of checks and balances against which we’re measuring our performance and developing our plans for the future.

\(\ldots\text{Key among these developments is our new Quarterly Report, which was initiated in the first quarter of the year as a means of analyzing our progress in}\)

\(^{22}\) Workers’ Compensation Board of British Columbia, Annual Report 1992 (p.5).
\(^{23}\) Workers’ Compensation Board of British Columbia, Annual Report 1992 (p.18).
achieving operational objectives. These reports have assisted us in beginning to routinely monitor and scrutinize our activities, and also serving as comprehensive accountability documents.

Additionally, the Annual Report states that\textsuperscript{24}:

During 1992, one of our most significant achievements was to initiate Board-wide corporate planning. These road maps – our long-term, five-year strategic plan, our three-year tactical plan, and our one-year operational plans – will assist us to better anticipate what lies ahead in workers’ compensation and set benchmarks for accurately measuring our progress.

With respect to Compensation Services, the 1992 \textit{Annual Report}\textsuperscript{25} states that:

Compensation Services is dedicated to fundamentally changing the way it does business by placing a renewed emphasis on customer service and re-engineering its work processes in order to best meet the goals of the WCB mission.

\textit{...Key performance measures and indicators in the areas of client satisfaction, quality, timeliness, and cost-effectiveness} will be built into all future service delivery and reporting processes.

Viewed in the context of these earlier statements, the current administration’s plans and performance reports appear to be more an extension of, rather than a dramatic change from, the practices of previous administrations.

Performance reporting at the Board since 1992 and prior to the Key Performance Indicator reports that have been in use over the past year, as well as reviews and recommendations with respect to the Board’s performance monitoring and reporting, will be briefly discussed below.

\textsuperscript{24} Workers’ Compensation Board of British Columbia, Annual Report 1992 (p.20).
\textsuperscript{25} Workers’ Compensation Board of British Columbia, Annual Report 1992 (p.35).
2.2 WCB Bulletin (1992 to 1995)

Jim Dorsey, Chair of the Board of Governors initiated the WCB Bulletin in December 1990 to apprise staff and the compensation community of changes in the Board’s organizational structure, roles, and responsibilities. This weekly Bulletin was produced and distributed to staff until February 1995. Over time the Bulletin evolved to capture highlights of the President's reports to the Board of Governors on matters such as administrative budgets and expenditures, relationship with the Compensation Employee’s Union, internal fraud control system, investment portfolio results, assessment rates, CPI adjustments, policy changes, administrative inventory highlights and various other operational statistics. The Bulletin also outlined progress on the Board of Governors’ numerous initiatives including public consultation processes, regulation review, legislative and regulatory changes (e.g. Bill 63, fishing operations regulations), evaluation of back pain, policy priorities, Governor's decisions, committee membership, progress, agendas, and appointments. In addition, other system-wide information was featured. These included the reports of the Chief Appeal Commissioner, Medical Review Panel, the Workers’ Compensation Review Board, Employers’ and Workers’ Advisors, text of Hansard debates, appeal division and review board differences and the Ombudsman’s reports.

In 1994 the substantive content changed when the Bulletin began to report performance information and more details of operational issues. Examples include:

1. *Fatal reports* (occupation, age, survivors, cause of death)
2. *Return to work outcomes* (number of claimants receiving vocational services and closure status (e.g., old job/same employer; new job/ same employer, new job/new employer/same industry, formal training/new employer, self employed etc.)
3. *Occupational diseases claims summaries* (e.g., number of claims disallowed/ accepted/ information only/ rejected/ suspended/ wage loss paid, health care benefits only, number of claims accepted under Schedule B, and payments by disease category)
4. *Loss of Earnings Reports*\(^{26}\) (e.g., age, occupation, injury, % functional, % LOE, Code R, appeal level, previous reserve, additional, pain, deeming, RTW status)

5. *Functional Awards and Loss of Earnings processing times reports*

6. *Loss of Earnings Reserves* by amount and source of decision (e.g. appeal division, review board, disability awards)

7. *Disallow statistics* for all sections and occupational diseases\(^{27}\)

8. *Injury to first payment* by claim type, and location

9. *Number of STD claims* first closed and reopened

The April 21, 1994 issue of the Bulletin (Volume 5, Number 10) features a table, “1992-1994 Key Data: Compensation Services, Prevention, Financial Services and Legal Services” which demonstrates how the administration was grappling with what performance information to provide to the Board of Governors. Subsequent issues of the Bulletin present further refinements and more detailed analyses.

For example, the May 6, 1994 Bulletin (Volume 5, Number 13) is dedicated to discussing “key indicators of efficiency in Compensation Services”. Measures reported by the Board for the first time include: 1) timeliness (e.g. distribution to first payment, referral to issue of long-term disability benefits); 2) trend analysis (disablement to first payment by claim type); and 3) volumes. The November 1994 issue of the Bulletin is entirely devoted to a discussion of the “duration” measure.\(^{28}\)

Another issue focuses solely on the service outcomes of Occupational Disease Services.\(^{29}\) Measures reported include: duration, disablement to first payment, timeliness, distribution timeliness, volume, occupational disease claims as a percentage of new claims by area office, occupational disease services caseloads and volumes of work.

Slight variations and additions to these measures were reported in the WCB Bulletin until it was discontinued in early 1995. However, there appears to be no information in the

\(^{26}\) See for example WCB Bulletin Vol. 5, No.6 (March 14, 1994)

\(^{27}\) See for example WCB Bulletin Volume 5, Number 9 (April 14, 1994)

\(^{28}\) See for example WCB Bulletin Volume 5, Number 34 (November, 1994)

\(^{29}\) WCB Bulletin Volume 5, Number 22 (July 14, 1994)
WCB Bulletins as to how, or if, the information was discussed and/or used by decision-makers.

2.3 Consultants’ Recommendations

Over the years numerous consultants have recommended that the Board implement an improved performance measure reporting process and develop better performance indicators. Foremost among these reports are the administrative inventories, Deloitte and Touche’s Review of the Adjudication Function (June 1992), and the Auditor General’s recent review of Accountability Reporting at the WCB (1998).

Administrative Inventories (1991 to 1997)

The Board of Governors promoted the Administrative Inventories as a performance reporting mechanism. The Chair established an expectation that the Administrative Inventories would provide the Board of Governors with the information they needed “to create a baseline against which to assess future performance...based on credible and sound information.” The Royal Commission’s analyses of the credibility and usefulness of the performance information reported in the Administrative Inventories reveals that considerable caution is warranted (for further detail, see the Semmens & Adams report to the Royal Commission). However, it is noteworthy that a common theme raised throughout the administrative inventories was the necessity for the Board to develop better, more meaningful indicators of its performance. The Royal Commission has been unable to verify whether the Administrative Inventories have had any qualitative or quantifiable impact on the performance information measured and reported by the Board (Semmens & Adams report to the Royal Commission).

Deloitte and Touche’s Review of the Adjudication Function (June 1992)

Deloitte and Touche developed a “Performance Matrix for Claims Adjudication” in relation to four key service outcomes identified for Compensation Services: quality,
timeliness, cost-effectiveness and client satisfaction (p.9). For each of these four service outcomes, Deloitte and Touche: 1) developed a set of performance measures (key indicators) appropriate to monitoring ongoing performance; 2) defined the potential applicability of each key indicator to organizational units; 3) identified the sources from which actual performance information should be obtainable; and, 4) developed “interim” performance targets, where applicable, by key indicator at the divisional level (p. 9). Users of the matrix are cautioned that “it is important to note that for many key indicators, the organization simply did not have the base of information required to assess current actual performance” (p.10).

The Board’s response to the Deloitte and Touche study was Compensation’s Services Division’s “Transition Project”. The Board of Governors canceled this project in 1994, but many of the key indicators recommended by Deloitte and Touche appear in the WCB Bulletin reports (1992 to 1994) and the Board’s KPI reports initiated in 1997. One of the most notable measures that may or may not be a result of Deloitte and Touche’s recommendations is the client satisfaction indicators in the Angus Reid monthly surveys initiated in 1996. The commission has been unable to pinpoint further research that identifies whether Board management considered the extent to which the performance indicators recommended by Deloitte and Touche and others are appropriate and consistent with the principles and goals of the workers’ compensation system, although their retention in the current set of measures suggests that they are consistent with the directions of the division.

Auditor General of British Columbia Accountability Reporting at the WCB (1998)

The Board sought an independent assessment of its accountability and performance reporting through the Office of the Auditor General of BC, with the aim of improving and building upon its existing framework. The study used the accountability framework designed by the Auditor General’s Office (and discussed above) as well as other accepted effectiveness criteria (the Canadian Comprehensive Auditing Foundation’s “Twelve Attributes of Effectiveness” and the Canadian Institute of Chartered

---

Accountant’s “Criteria for Control”) as a framework for analysis. Reviews of existing Board planning and reporting documents, and interviews with Board personnel and external stakeholders, were used to develop an understanding of the programs and of the key indicators that might be used. Logic models of key inputs, activities, outputs and outcomes were also prepared.

The report commended the Board for the progress it had made in performance measurement. While acknowledging this progress, the report pointed out that the Board needed to clarify its basic values and principles, that it needed to provide more information on critical corporate outcomes such as adequacy of benefits and workplace safety, and that it needed to enhance its measurement and reporting on levels of public awareness of WCB values and goals, regulations, and safety issues. It identified three key areas of performance for which the Board should be held accountable: mandate and direction of the WCB, outputs and outcomes of the WCB, and organizational capacity. In particular, the report recommended that the following areas of performance be included or enhanced in the WCB’s accountability reporting (p.3-4):

- that the WCB discuss its interpretation of its mandate in the annual report
- that the WCB report on its internal climate: the culture, attitudes, values, and skill base for key functions, such as benefit entitlement and rehabilitation
- that the WCB provide periodic assurance of the continued relevance, that is, the fit between the needs of clients and the services provided, by WCB programs, especially in prevention and rehabilitation
- that the WCB enhance its reporting on key corporate outcomes, including adequacy of compensation to injured workers, restoration of injured workers to pre-injury status, safety in the workplace, fairness of the funding load, and financial sustainability
- that the WCB enhance its reporting on service quality
- that the WCB measure and report on public awareness of the WCB’s mission, vision, values, and goals, as well as WCB regulations, and awareness of workplace safety issues
- that the WCB identify and report on significant secondary impacts

that the WCB provide assurance on the quality of adjudication to its stakeholders and enhance its current reporting on overall efficiency, human resource management, management information, and risk management.

As can be seen in this summary, a number of specific recommendations were made with respect to the content of performance indicators for specific program areas and for the organization as a whole. These will be discussed in the relevant sections below.

2.4 Internal Audit Department

The WCB’s Internal Audit Department produces annual reports on Significant Issues for the Panel of Administrators’ Audit Committee. The purpose of these reports is to apprise the President/CEO and the Senior Executive Committee of significant risks which they are to weigh and act upon in terms of relative risk, the cost effectiveness of corrective action, and operational/budgetary constraints. In 1997 and previous years significant management information issues have been identified. The Internal Audit Department has assessed the organizational risks as high, both in terms of likelihood of problem occurrence and potential magnitude of the problem. The data quality problems reported to WCB executive result from data that are:

- not accurate;
- not captured in a timely fashion;
- not well-defined at the Board;
- captured in multiple places or not consistent;
- captured in some but not all cases; or
- not captured at all.

The Internal Audit Department reported findings that included such issues as data integrity issues for claims and payment data, deficiencies in Compensation Services management reporting, and development of new information systems without clear

---

32 These reports were initiated in 1992.
management requirements.\textsuperscript{34} The Panel of Administrators and Senior Executive Committee’s response to these concerns is the Decision Support Positioning Project (Data Warehouse Project). The Information Systems Review Committee is expecting to use the information systems architecture from the Decision Support Program to “better ensure that the design of future projects meets the global information needs of the organization.”\textsuperscript{35}

There may be numerous reasons for the ongoing data problems experienced at the Board. Data is often collected for purely administrative purposes, and in ways which render it less useful, or perhaps not at all useful, for other purposes. For example, in some cases costs allocated to a particular claim may be assigned to more than one employer, so that the claim count includes these two employers, and the claim is double-counted (see discussion below with respect to pension numbers). Similar double-counting of claims has been observed elsewhere.\textsuperscript{36} Duration statistics are based on days paid rather than off, presumably because the number of days off has not been electronically recorded. Some calculations were performed manually until only very recently.

\textbf{2.5 Statistical Services Department}

Beginning in 1976 the Workers’ Compensation Board of BC began publishing a Statistical Report to complement the operational and financial reviews included in the their Annual Report. This report contains statistics on three areas of operations: claims, assessment and prevention. The WCB Statistical Services Department also produces numerous requests from internal researchers from its databases and has a number of annual publications including \textit{Trends in Types of Accident by Occupation} and \textit{Occupational Diseases in BC}. These reports are unaudited.

\textsuperscript{34} Internal Audit (Significant Issues) Ibid.
\textsuperscript{35} Internal Audit (Significant Issues) Ibid.
\textsuperscript{36} Royal Commission cohort study, with respect to claims registered; WCB of BC. Internal Audit and Evaluation Department. Evaluation of Vocational Rehabilitation Services for Back-Injured Workers. 1994.
2.6 Divisional Reports

Compensation Services, Prevention and Finance and Information Services prepare annual Business plans as well as interim Divisional performance reports (e.g., Quarterly Performance reports in Compensation Services).

The Board’s 1992 Annual Report refers to performance indicators being “built in to all future service delivery and reporting processes “ for Compensation Services in the areas of client satisfaction, quality, timeliness and cost-effectiveness.37

In 1992 quarterly reports were initiated in Compensation Services Division to facilitate the analysis of the division’s progress in achieving operational objectives. President Ken Dye describes these reports as assisting the Board in beginning to routinely monitor and scrutinize our activities, and also serving as comprehensive accountability documents that contribute to our evolving Management Information System and to better decision-making.38 Senior Executive Committee reviews these reports, which are now rolled-up as the Corporate Key Performance Indicator Reports which began in 1997 for review by the Panel of Administrators [See description of these reports below].

Compensation Services Divisional reports appear to be the most extensive of the divisional reports, with distributions on various indicators by, for example, claim type and region.

2.7 Key Performance Indicator Reports

In November 1996 the Panel of Administrators asked the administration to develop a regular key performance indicator report to track WCB performance and fulfill their obligation to “superintend” the WCB.39 The following outline reflects the requirements for the monthly reports as developed during their discussion40:

39 Minutes. Panel of Administrators Retreat November 28.29, 1996 (p.6)
Section 1. High Level Indicators:

- One page of highlights (including early warnings, trends, and direction to specific charts);
- Key statistics, service indicators and trends;
- Numbers and dollars with relevant trend lines (including injuries, duration, timeliness – cost driver indices and seven sector trends);
- Costs (with benchmarks to other jurisdictions) for: Prevention, Technology, Compensation and Rehabilitation;
- One in-depth industry analysis every month.

Section 2. Program Indicators (to include summary and geographic detail)

- Prevention (including prosecutions, penalties);
- Compensation (including disallow rates)
- Rehabilitation
- Assessments and Finance
- Human Resources and Labour Relations measures (to be developed).

Section 3. Outcomes

- Appeal outcome rates (for each appellate level);
- Survey results;
- Updates outcomes charts (once per year but more often if a substantial change is indicated).

The expected outcomes by the year 2000 were those published in the Strategic Plan.41

In response to their request, the Corporate Planning Division reviewed the Key Performance Indicator reports from administration to government in other WCB

jurisdictions. This review focused primarily on the format of the reports, and did not discuss the substantive relationship between the proposed outcomes and actual measurements.

The WCB’s first Key Performance Indicators Report was provided to the Royal Commission by President/CEO Dale Parker in April 1997. In response to a question from the commissioners on how the WCB is managing change, Mr. Parker stated that “we have the key performance indicators that we provided to our panel of administrators and we review on a monthly basis...to see how we’re measuring our performance ....against all the strategies we have.”

The report described by the by the Panel in November 1996 differs in some important respects from the first February 1997 WCB KPI Report produced by the administration, and from the most recent KPI report given to the Royal Commission for the April 23, 1998 meeting of the Panel (KPIs for February, 1998). These reports also exhibit some of the fundamental challenges with the utilization of performance information, as discussed above. The most notable exclusion is a discussion of the high level indicators that make the report meaningful for the Panel of Administrators and for those in the workers’ compensation community. The Board’s report presumes that readers understand the workings of programs. A review of the minutes of Senior Executive Committee does not reveal why certain important features of the reports were left out.

During the presentations made to the commission by worker and employer advocates and the Board itself in the Spring of 1998, there were few challenges or questions about not only what the Board was choosing as measures of its performance but also whether the information the Board presents is credibly and reliably measured.

The commission has noted that while the Board discusses return-to-work results as improving over time, the measure in place (i.e., the number of return-to-work closures as a percentage of cases with return-to work as a planned outcome) had no data for

---

42 WCB of BC. Corporate Planning Department. Terry Bogyo, Review of other Jurisdictions Performance Reports.
43 WCB of BC. Key Performance Indicators. (February 1997)
Total return-to-work numbers are available, but without a meaningful base against which to compare these numbers, they are not very useful. Furthermore, the commission’s research has identified a number of problems with the data captured on returns-to-work for vocational rehabilitation services, including inconsistent use of closure codes, the potential for double counting, and a lack of information on the durability of return to work. Rehabilitation outcome measures were excluded from the business highlights section and in other sections of the same report even though improving the return to work rate by 10% for workers with permanent disabilities and improving the time from disablement to return to work by 20% by 2000 are two objectives of the Board’s strategic plan. Return-to-work rates were discussed for the Rehabilitation Centre, but the rates were reportedly decreasing rather than increasing there as a result of “the more challenging cases it admits” relative to external providers.

The review of the history of performance measurement at the Board, the Board’s internal acknowledgment of the significant problems with its management information systems and the apparent limited discussion and utilization of performance information as exemplified by the Key Performance Indicator Reports and in the WCB’s annual reports (also by the Board’s response to the Auditor General’s 1998 review of Accountability Information), indicate that a number of reforms are necessary.

The Board’s existing performance measures, at the time of the Auditor General’s Accountability Reporting Review conducted for the Board in January, 1998, are presented in Table 1 (Appendix A) within the categories identified above, that is: Input Measures, Output Measures, Efficiency Measures, Outcome Measures, and Client/Customer Satisfaction Measures.

---

46 See Royal Commission Report on Vocational Rehabilitation Services.
3.0 Analysis of the Board’s Performance Indicators

3.1 Corporate Performance Indicators

Overview of Findings

- neither in the set of Macro Indicators, nor in the division-specific indicators that follow, does the Board adequately address its three most important corporate objectives of: workplace safety, fair compensation, and safe and effective return-to-work
- basic information is missing from the set of data collected by the Board, so that information on its client population (for example, number of employees, number of worksites) must be estimated or derived
- data collected by the Board in the past, and reported in public documents, has not always been accurate
- there is no information in the KPI reports on trends in factors which might contribute to changes in Board performance, nor on trends in other jurisdictions for comparison purposes
- there appears to have been minimal attention paid to establishing baselines and targets
- the basic reporting format could be improved, including defining and outlining the purpose of each indicator (or sorting indicators by purpose), providing annual figures (rather than simply year-to-date figures) for more of the indicators, and providing a brief description and analysis of important trends in the indicators

Major Objectives

The Board’s three major corporate goals are:

- safe and healthy workplaces
- income security and fair compensation
- safe and effective rehabilitation and return-to-work for injured workers
Additionally, the Board recognizes its responsibility in terms of *sound financial management*, which is an essential prerequisite to providing services to achieve these three goals.

Through the early 1990’s, the WCB’s “Mission Statement” as presented in its *Annual Reports*\(^{48}\) was as follows:

> Workplace safety and health is our challenge. Quality rehabilitation and fair compensation is our commitment. World leadership is our goal.

The 1996 Strategic Plan presents the following “Mission”\(^{49}\):

> To strengthen the trust of workers and employers in the mutual insurance of safe workplaces with income security and safe return to work for injured workers.

The 1996 *Annual Report* does not appear to include a Mission Statement. Then in 1997, the Mission is presented as follows\(^{50}\):

> To assist workers and employers to ensure safe workplaces, with income security and safe return-to-work for injured workers.

The Board’s corporate goals, published in its *Annual Report* for 1997\(^{51}\), are as follows:

- Workplaces that are safe and secure from injury and disease
- Fair compensation for workers suffering from an occupational injury or illness
- Successful rehabilitation and return-to-work of injured workers
- Sound financial management to ensure a viable WCB system
- Protection of the public interest

---


\(^{49}\) WCB of BC. Transforming the Workers’ Compensation Board of British Columbia: A Strategic Plan. Prepared by the Senior Executive Committee of the WCB. Approved by the Panel of Administrators, April 4, 1996 (p.14).

\(^{50}\) WCB of BC. Annual Report 1997 (p.1).
The Board’s 1996 Business Plan\textsuperscript{52} states that:

During 1995, management identified key values and critical success factors that must be demonstrated to restore public confidence and the Board’s credibility with stakeholders. A strategic plan and direction has been developed to transform the Board to meet its service, financial and confidence challenges.

This year signifies the beginning of the transformation, initially focusing on practice, procedure, and administrative policies including organizational structure.

The Board’s focus is on four key values:

- Customer service
- Financial stability
- Corporate leadership
- Community confidence

In addition, the following areas are critical to the Board’s success:

- Effective accident and workplace disease prevention
- Service quality
- Financial responsibility
- Effective internal support services

The Board’s 1996 Strategic Plan’s Vision for 2000\textsuperscript{53} is as follows (p.30):

Upon successful implementation of these strategies, the Workers’ Compensation Board of British Columbia will be:

\begin{itemize}
\item \textsuperscript{51} WCB of BC. Annual Report 1997 (p.1).
\item \textsuperscript{52} WCB of BC. 1996 Business Plan. (p.24).
\item \textsuperscript{53} WCB of BC. Transforming the Workers’ Compensation Board of British Columbia: A Strategic Plan. Prepared by the Senior Executive Committee of the WCB. Approved by the Panel of Administrators, April 4, 1996.
\end{itemize}
recognized as a leader in workplace safety, return to work rehabilitation, and timely compensation services for workers and employers;
known to treat injured workers with integrity and respect;
responsive to employer needs;
financially secure and fully funded;
known to be effective and efficient;
acknowledged as providing a positive work environment;
respected by employers, workers, and other stakeholders for its performance; and,
respected for achieving a reasonable balance among the interests of our stakeholders.

It is interesting to note that this vision focuses on activities, services and costs, but does not address fairness and adequacy of benefits. Instead, compensation is addressed in terms of “timely” service.

The 1996 Strategic Plan discussed the fundamental principles of workers compensation, concluding with a general statement of purpose recommended in the Korbin-O’Callaghan report on the Board’s governance structure (p. 9):

The Korbin-O’Callaghan report recommended a general statement of purpose be included in the legislation to define the mandate more explicitly. The report summarized the mandate in the following terms:

- fair occupational health and safety regulations for prevention of workplace injuries and illnesses
- rehabilitation of injured workers
- fair compensation for affected workers
- financial management to secure a viable WCB system
- protection of the public interest
Corporate Indicators

The fifteen objectives listed in the 1996 Strategic Plan (p.14-15) are as follows:

*Client Service Objective*

To meet or exceed published standards of service for our clients

- Assist industry to lower serious workplace injury rates per 100 person years by 10% by 2000
- Pay entitled workers within 17 days from the date of injury by 1997
- Raise client service satisfaction to 85% by 1998
- Improve the safe RTW rate for workers with permanent disabilities by 10% by 2000
- Improve the time from disablement to safe RTW by 20% by 2000

*Financial Objective*

To achieve and maintain our published standard of fiscal responsibility

- Raise administrative cost efficiency by 20% by 2000
- Restore the accident fund to fully funded status by 2000 and provide prudent reserves
- Require an average internal rate of return of 35% for all strategic capital expenditures by 1996
- Obtain return on investment of Board funds that exceeds the average while maintaining a prudent risk profile for investments

*Corporate Leadership Objective*

To build, with our employees and their union, a positive work environment

- Have the leadership, technology, skills and support which staff need to succeed
- Have employees motivated and committed to realizing their potential within the organization
• Have a relationship with the Compensation Employees Union based on mutual respect and understanding

*Community Profile Objective*

To earn the respect of our community

• Provide communications support to maximize effectiveness of health, safety and RTW initiatives
• Foster improved understanding of the Board’s objectives
• Champion the accommodation of persons with disabilities in the workplace

The Key Performance Indicator reports\(^{54}\) provide a list of “Macro Indicators” that are extracted from the performance charts for the various divisions and that “provide an overview of factors that most directly impact or reflect the Board’s performance” (p.1). There is also a set of indicators for each program area. The complete set of indicators is presented in Table 1 in Appendix A.

Only some of the above objectives are included in the 10 “Macro Indicators” that the Board reports to the Panel. Using the categories listed above, these include (Macro Indicators in italics, objectives in regular type):

• **Client Service Objectives**
  - *Injury Rate and STD Claims Accepted:* Assist industry to lower serious workplace injury rates per 100 person years by 10% by 2000
  - *Timeliness:* Pay entitled workers within 17 days from the date of injury by 1997
  - *Aggregate Client Satisfaction:* Raise client service satisfaction to 85% by 1998

• **Financial Objective**
  - *Statement of Operations:* Restore the accident fund to fully funded status by 2000 and provide prudent reserves

---

• **Investment Portfolio, Asset Allocation Based on Market Value of Portfolio, TSE 300 and S&P 500 Indices:** Obtain return on investment of Board funds that exceeds the average while maintaining a prudent risk profile for investments.

Also included in the Macro Indicators, but not included in the fifteen objectives, are two indicators that might be considered proxies for return-to-work:

- **Duration of STD Claims** (based on last wage-loss payment, but not confirmed return-to-work; objective is to “improve the time from disablement to safe RTW by 20% by 2000”, whereas Macro Indicator objective is to “Reduce duration by 20% by year 2000”)
- **Conversion Rate from STD to LTD (Propensity),** which shows number of STD claims that eventually become LTD claims.

The Auditor General’s Accountability Reporting Review presents a Corporate logic model, with inputs, activities, outputs and outcomes, including the links between these, for Prevention, Compensation, Assessments, and Finance (see Appendix C). Additionally, the report presents logic models for each of these divisions separately. The logic models presented in the Auditor Generals’ report were developed collaboratively with, and verified as accurate, by the divisional Vice-Presidents. Major activities, outputs, and outcomes for each division, discussed below, are derived primarily from these logic models.

The Board’s KPI’s are discussed below, for each of three divisions – Prevention, Compensation Services, and Finance and Information Services – in terms of program activities, outputs and outcomes. Appropriate corporate indicators could be derived from these divisional-level indicators, as they are to some extent at the present time. Therefore, the discussion here will be brief and more general, with specific issues addressed at the divisional level below. Most of the issues in the following discussion are addressed in more detail in the divisional sections.
Conclusions Regarding Corporate Indicators

The Board’s Macro Indicators do not sufficiently address the Board’s mission of improved safety, return-to-work, and fair compensation. Safety is measured by injury and claim rates exclusively. Return-to-work indicators are not included in the corporate set, although they do appear later under the RSCD indicators. There are no measures of compensation fairness; compensation is considered only in terms of timeliness and aggregate client satisfaction, which are based strictly on dimensions of service delivery.

The Macro indicators do address some, although not all, of the four corporate objectives related to client service, financial performance, corporate leadership, and community profile.

Basic information that is needed to assess the Board’s business requirements, and to more accurately describe Board performance, is not collected by the Board. The Board cannot provide statistics on the number of employer worksites in BC\textsuperscript{55}, nor on the number of workers covered (other than a derivative from payroll). The Board also cannot provide information on the demographics of workers (for example, whether they are casual, seasonal, part-time or full-time employees, or the length of time they were employed with the pre-injury employer). Some of this demographic data can be obtained for a small number of claims recorded on the Prevention Division’s Accident and Injury Reporting System (AIRS), but it is not available through E-file (the Rehabilitation and Compensation Services Division’s new electronic claim file system)\textsuperscript{56}.

There is no contextual information or interpretation of the trends within the KPI reports. Interpretation is sometimes provided in other reports, such as Business Plans and Annual Reports, but it is often difficult to identify how the conclusions have been arrived at since the required data analyses on which to base the conclusions does not appear to have been done.

\textsuperscript{55} WCB of BC. Prevention Division. Support Information for Prevention Division Presentation to the Royal Commission, July 18, 1997. Response to Question I-10 (also see Attachment dated July 2, 1998).
\textsuperscript{56} WCB of BC. Rehabilitation and Compensation Services Division. Response to Royal Commission Request dated February 9, 1998, Response to Question 3 (4) and 3 (9). (See initial response dated March 11, 1998, and follow-up to “Amended Request”, table of information provided from AIRS database).
At times, the Board has made public statements about its performance based on minimal or problematic data. For example, in an article printed in the Vancouver Sun, Saturday, April 11, 1998 (page D2), entitled “WCB programs’ success spells demise for unfunded liability”, it is stated that:

The Workers’ Compensation Board eliminated its unfunded liability last year, the result of fewer injuries, a successful return-to-work program and strong investment returns.

The press release prepared by the Board for this article contains a similar introductory statement, as follows:

For the first time in six years, the Workers’ Compensation Board of B.C. achieved full funded status in 1997 as a result of fewer injuries, improved return to work outcomes and strong investment returns.

Nevertheless, the Board is still unable to provide an answer to the basic question: “How many workers return to work after Board intervention?”. In its 1997 Annual Report, the Board reported its performance indicators in a table that contained 12 goals, their definitions and calculations, the 1997 and 1998 targets, and the Year 2003 target. For the goal of “Improve return-to-work outcomes for vocational rehabilitation clients”, defined as “Number of return-to-work closures as a percentage of cases with return-to-work as a planned outcome”, the table simply listed “N/M”, footnoted with “The abbreviation N/M refers to outcomes not measured in 1997”.

The total number of workers who return to work after Vocational Rehabilitation are reported in the KPI reports, but the base (number of workers referred for return to work services) was not captured until 1998. Furthermore, in the commission’s review of vocational rehabilitation, a number of problems with the system that captures return to work information for vocational rehabilitation were identified, including inconsistent use of the closure codes, no information on the durability of return to work, and the potential for double counting returns to work (i.e., counting more than one return to work for the

---

same individual for one claim. Return-to-work, and durable return-to-work outcomes, are available for those clients who use the services of some of the Rehabilitation Centre programs.

Trends within BC in the economy, population, and industrial mix would be useful for the Board to collect and report on along with the KPIs, since these kinds of factors can influence the KPIs. For example, injury rates can go up or down with the economy, and the types of claims registered can change with changes in the industrial mix. Similarly, trends in other jurisdictions, where comparable information is available, would also be useful (for example, injury rates across Canada, particularly if it could be obtained for comparable industries).

It is unclear how the Board is using its Key Performance Indicators to monitor program performance. There are no indications that the Board’s approach to identifying and using performance indicators is evidence-based; in fact, in the Board’s April presentation to the Royal Commission, specific targets were said to be based on “gut feel” rather than scientifically derived estimates.

The purpose of each indicator is also not always clear. For some of the indicators, the objective is clearly presented along with the indicator in the KPI report; for others, the performance indicator appears alone. For example, there is no explanation for why the Conversion Rate from STD to LTD is included, or what the meaning of increases or decreases on this indicator would be for the Board.

The Board’s data is almost always presented in aggregate form, and from the Board’s perspective rather than from the individual claimants’ perspective. For example, claims are separated as HC Only, STD, LTD and Fatals, but:

- a worker may have one claim that cuts across two or more of these categories (for example, a worker with STD and LTD benefits who dies from his/her injury)
- a worker may have several new claims with various benefit combinations
- a worker may have one or more claim re-openings
Additionally, the Board’s KPI data is typically presented in averages rather than frequency distributions. Because of this, important information about the distribution of a particular variable is obscured. For example, the average functional award in 1997 was $28,385.00\textsuperscript{58}, but 43% of functional awards were under $10,000.00, 64% of functional awards were under $20,000\textsuperscript{59}, and only 25% were above $30,000. LOE awards, on the other hand, show more variability; the average in 1997 of $211,004.00 is also close to the midpoint in terms of distribution of benefits, with about 42% above $200,000.00\textsuperscript{60}.

Annual rates on each measure, and a summary of what the findings are – positive and greater than target, positive and on target, not meeting target – would be useful, along with a discussion of reasons for positive and negative outcomes.

There is some additional information on activities, outcomes and trends for each division that is provided in Annual Reports, divisional reports or business plans, but that is not included in the KPI reports. It might be useful to move some of this information into the KPI reports.

The Auditor General’s Accountability Reporting Review had fifteen recommendations for the Board at a corporate level. The recommendations are presented in Table 2, Appendix B. In summary, the recommendations included:

- analyze the relevancy and clarity of the legislation and mandate governing the WCB and report the findings, and provide assurance about its compliance with governing legislation
- include the WCB mission, vision, and values in the annual report
- report on management’s code of conduct in the annual report and confirm that the code has been adhered to in all material respects
- identify key cultural and value dimensions of the organization, as well as service and performance values, and survey staff and clients with respect to these values

\textsuperscript{58} WCB of BC. Rehabilitation and Compensation Services Division. Response to Royal Commission Request dated February 9, 1998. Response to Question 6 (1).
• report on indicators with respect to the extent to which the fifteen strategic goals in the annual report and in the reporting to the Panel are being met
• provide periodic assurance on the continued relevance of WCB programs, such as prevention, rehabilitation, assessment, and compensation; track and report on key worker, employer, and environmental factors and compare these trends to WCB program activity types and levels
• measure and report on overall satisfaction with the performance of the WCB and attitudes towards it, for the following stakeholder groups: workers (i.e., not just injured workers), employers, MLAs, the medical community
• define “fairness” in relation to access to services and then develop an indicator to measure the level of fairness and report on the results
• periodically measure and report on general awareness, understanding, and support for the WCB’s mission, vision, values, and objectives
• clarify the meaning of “administrative” in the annual report
• explore the possibility of developing and reporting on more meaningful efficiency measures, such as performance measures that attempt to correlate administrative expenses with service quality
• report on all significant dimensions of strategic projects in the annual report
• identify potential secondary impacts and assess which ones are worthy of investigation and reporting
• provide periodic assurance about the adequacy of the WCB’s management information systems, its critical performance measures and data, and the integrity of the data collection processes
• report on the significant business risks faced by the WCB and its strategy to deal with those risks
3.2 Performance Indicators for Prevention

Overview of Findings

- the Prevention Division’s Key Performance Indicators focus almost exclusively on injury and claim rates; intermediate outcomes, such as increased knowledge and understanding of risk, or increased use of safe work practices, are not assessed
- it is impossible to trace the direct and relative impacts of particular Prevention Division programs on safety performance using this set of performance measures
- there are also few indicators with respect to Prevention Division activities; in particular, there is no information provided on the Prevention Division’s accident investigations, exposure monitoring and lab analyses, educational activities, research, or public awareness campaigns
- important data is unavailable to the Prevention Division itself or is time-consuming to compile, so that it is impossible to answer certain important questions about activities and outcomes
- no secondary impacts are assessed

Potential Indicators

Major Objectives

The Prevention Division is the division responsible for achieving the corporate goal of “workplaces safe and secure from injury and disease”.

Major Activities

The Prevention Division provides a number of services to workers and employers, including:
• monitoring exposures, risks and incidence rates of injury and disease within BC worksites
• establishing and monitoring health and safety regulations, including areas where regulations are needed as well as their usefulness
• educating employers, workers and the general public with respect to workplace injury and disease risk and prevention
• investigating accidents, including assessing cause and effects as well as intervention needed to prevent recurrence
• monitoring and enforcing safe and healthy work practices, including providing incentives and penalties
• conducting and analyzing research on workplace injuries and disease, and on impacts of safety interventions

**Major Outputs**

Prevention Division outputs include: inspections conducted, courses taught, sanctions applied, program audits conducted, regulations established/revised, research reports produced, lab analyses completed. Outputs can be described on a number of dimensions. Inspections, for example, can be described in terms of the number completed, the number of hours involved, the quality, follow-up activity conducted, and so on.

**Major Outcomes**

Outcomes that the Prevention Division would expect to attain include improved awareness and understanding of risks amongst employers and workers, improved awareness and understanding of effective prevention strategies (including regulations), increased use of effective prevention strategies within BC workplaces, reduced accidents and near-misses, reduced exposures to diseases, reduced incidence of injuries and disease, and ultimately, reduced rates of occupational injury and disease.
Major Questions to Address with Respect to Performance

The kinds of questions that the Prevention Division might ask with respect to its performance include:

- Why are accidents happening? Why do some workplaces have high injury rates compared to others? What are the relative contributions of various factors, including overall industry hazard, occupation, equipment, awareness and knowledge of safe practices, motivation and incentives? How relevant and useful are the current regulations, and how could they be improved?

- How effective are the Board’s efforts to address these factors, including: efforts to intervene before rather than after an accident occurs? efforts to identify unsafe workplaces and occupations? efforts to improve knowledge, understanding and behaviour? efforts to increase motivation through orders, warning letters and penalties? What could be done better?

- Is the Board providing services in the most efficient and cost-effective manner? To what extent are resources sufficient to ensure that there is sufficient presence of the Prevention Division, for consultation, education, inspection, and accident investigation, in BC workplaces? To what extent are current resources sufficient to provide the right mix of Prevention services to BC workplaces?

- What kinds of impacts, both intended and unintended, are occurring as a result of changes in programs and services?

Indicators in Use

Prevention Division Performance Indicators are presented in Table 1, Appendix A.

Balance: Input, Efficiency, Outputs, Outcomes, Satisfaction

Most of the Prevention Division’s Key Performance Indicators are of “ultimate outcomes”, in particular, injury rates and claim rates. There are also a few indictors of outputs, including prosecutions, worksite activity (i.e., number of hours of inspections, education and consultation), number of AIRS installed, penalties imposed and recommended (number), and penalties imposed (dollar). There are no indicators of
inputs (i.e., staffing and administrative costs for various sections or program areas within the division), efficiency, immediate or intermediate outcomes, and there are no client satisfaction indicators.

Appropriateness

Injury and claim rates are appropriate to use as indicators of safety if used in conjunction with other indicators. They are affected by too many factors to be used in isolation. As illustrated in the Auditor General’s Accountability Reporting Review’s logic models for Prevention and for the Board as a whole, reduced injury and disease rates can be considered as “ultimate outcomes” that flow from earlier changes occurring such as changes in employer and worker awareness, work practices, and equipment design.

WCB injury rates are not rates of injury, but rather claims reported to the WCB. Claims do not include near misses, nor accidents that fail to be reported to the Board for various reasons (for example, the worker is not knowledgeable about his/her rights and fails to report; the worker is concerned about losing his/her job and fails to report; the employer is concerned about his/her assessment rates increasing and encourages the worker to take time off on as “sick leave”, or to use the company disability plan).

Claim rates can be affected by many different factors, such as changes in the industrial mix (for example, with decreasing proportion of resource industries which are traditionally more hazardous and increasing proportions of service industries which are traditionally less hazardous, the overall claim rate would be expected to decline), and changes in the economy and employment rate (for example, when the economy is good and unemployment rates low, companies hire more young and inexperienced workers who are more inclined to have accidents).

Claim rates are calculated using claims reported divided by an estimate of the population of workers in the province. The Board does not collect statistics on number of workers employed (full-time equivalents). It collects payroll statistics, which it then uses to estimate number of employees.
The injury rate includes only Short-Term Disability (STD) claims. Health Care Only, Long-Term Disability (LTD), and Fatal claims are not included in the injury rate calculations. STD patterns can be different than patterns for other injuries such as Health Care Only, LTD and Fatal injuries. For example, in 1996 the total number of Health Care Only, LTD and Fatal claims increased, whereas only the number of STD claims decreased\(^{61}\).

Accepted claim rates can be affected by Board culture, policy and processes. If for some reason more claims are rejected or disallowed in one year than in years previous, the injury rate will decline. If, with the change in the industrial mix and the nature of employment, more injuries of a type that are considered non-compensable occur, the overall claim rate will go down. Boards that institute a waiting period see a dramatic reduction in claim rates since a large proportion of claims last only a few days. Backlogs that get cleaned up in a particular year, for example, appeals or LTD claims waiting to be finalled, can also affect claim rates.

All Boards across Canada use these kinds of statistics, so the WCB of BC is able to compare its rate with those of other jurisdictions. There are, of course, problems in comparability, including provincial industry differences, differences in terms of what types of claims are considered compensable, and different waiting periods for benefits that affect the total claims reported. Nevertheless, it is a basic measure that is probably important for the Board to continue to report along with the other jurisdictions. The concern is when this indicator is used as the primary measure of impact – as it is within the Prevention Division.

*Reliability and Usefulness*

The Prevention Division indicators do not allow for a determination of what services are working particularly well, and what changes need to be made. Additionally, as discussed above, there are a number of immediate and intermediate outcomes that would be more useful in the short-term for the division to monitor, and which it could then

tie to injury rate changes over the long-term. Worksite activity measures provide no information on the quality of these activities.

Other data that would be important to collect and report on includes:

- trends in causes of workplace injury and disease
- awareness amongst workers and employers of WCB regulations important to their work
- awareness amongst workers and employers of safe work practices
- the number of orders and warning letters applied by Prevention officers
- regulation violations associated with serious accidents and injuries, as well as regulation violations cited in orders, warning letters, and penalties
- the number of effective occupational health and safety programs and committees in place
- information on the quality of services such as inspections and accident investigations
- the level of employer compliance following inspections and sanctions
- employer and worker surveys that address training effectiveness in terms of changes in safe work practices

Accuracy and Availability

The Prevention Division was unable to provide the Royal Commission with a number of important pieces of information, such as the level of regulatory compliance among employers who have received and paid penalties. This issue is discussed in greater detail in the Royal Commission’s report on the Prevention Division. For example, while the Prevention Division could provide information on how many employers had received penalties, it could not confirm whether or not these employers had paid these penalties. In fact, the Prevention Division is not responsible for ensuring that penalties are paid, as these go into the general assessments collected by the Assessment Department. Furthermore, the division could not identify how many employers with

---

penalties are followed-up with subsequent inspections to ensure compliance. This kind of information would be useful to include as part of an assessment of the effectiveness of penalties in increasing workplace health and safety, relative to other types of Prevention services such as education. The division was not able to provide information on the level of compliance on follow-up inspections after orders have been applied, nor on which regulation violations have occurred in cases of accidents or injuries.

In addition, the Prevention Division was unable to provide information on the number of worksites in BC, which would be useful for the division to try to assess the resources needed to reach these worksites on a regular basis. In other cases, data requested of the Prevention Division was either not available, would have to be manually compiled, or was inconsistent with data provided in prior requests or in published reports (see for example, penalty numbers and costs in Royal Commission Prevention Division report).

As noted above, some information that is provided in other Board or divisional reports, particularly information on activities, might be helpful to include in the KPI reports for the Prevention Division.

*Reporting and Responding to Trends*

With respect to *Effectiveness*, the Prevention Division’s 1997 Business Plan states (p.20):

> Prevention in partnership with employers and workers has been effective in reducing the number of injuries. For example, last year, the use of a multi-pronged approach (radio campaigns, training for fallers, emphasis on seat belt use by skidder operators and increased inspection activity) reduced injuries and fatalities in the logging industry. In 1995-96, the combined measures of the officers, outreach, and public affairs section have reduced the number of injuries to young workers by 11.5%.

---

There are increasing pressures to measure effectiveness and to ensure the Division is able to demonstrate that its initiatives reduce accidents and injuries. ...The Division is committed to ensuring that programs are evaluated for effectiveness.

Despite this statement, the Prevention Division is currently unable to clearly identify the link between its programs and services, and effectiveness. It acknowledges this at a later point in the 1997 Business Plan (p.24):

Another related problem is the difficulty of measuring the link between cause and effect of divisional programs. At present divisional systems do not provide sufficient detail to allow correlation's between prevention activities and outcomes. As well, there can be a delay between the time preventative action taken and the time when a measured reduction in resultant claims occurs. This difficulty in measurement presents additional challenges to the division in terms of justifying investment in new or enhanced preventative activities.

A similar statement is made with respect to Worksafe initiatives:

Some indication of the results of Prevention Division activity may be taken from the (table of STD claims for the 7 targeted industries). It compares the number of short-term disability claims at the end of September, 1996, with the same period in 1995 in the 7 targeted industries. The numbers are reduced in all industries, but this may be partly due to economic or other factors.

Operational Highlights of the 1997 Annual Report discuss the fact that the injury rate has remained relatively stable over the past year (5.0 to 5.1), with a decline of 25% overall since 1990. It also points out that industry-specific performance ranged from a 5% increase in claims in construction to an 8% decrease in sawmills. There is no discussion of reasons for differences between industries, the factors to which success or failure

---

might be attributed, nor the future directions for the upcoming year to address any disturbing trends within the high-risk industries.

Similarly, the decrease in the number of claims filed by large employers targeted by the Board, which varied from 4% to 20%, is not discussed in terms of reasons or future directions. Other information presented in the Annual Report deals with the research projects and grants that the Board funded in the past year, educational initiatives, the media campaign, and the new occupational health and safety regulations.

With respect to Prevention Division media activities, the 1997 Annual Report states that (p.15):

Increasing public awareness of the need to improve workplace health and safety is key to establishing a stable and lasting reduction in the province’s injury rate. The WCB’s WorkSafe awareness program is designed to accomplish that goal. In 1997, this program included:

- Province-wide television and newspaper advertisements
- Province-wide radio commercials targeting young workers
- Localized radio commercials targeting loggers, the occupation of greatest risk for a workplace fatality

Independent surveys conducted to track the effectiveness of these WorkSafe awareness activities indicate increased public support for the WCB’s role in informing and promoting safety in the workplace.

There is no discussion of a link between awareness and increased safety efforts or improved safety performance, nor do the independent surveys appear to be tracking impacts of this nature. The ad tracking surveys assess general attitudes toward “the importance of workplace safety” as well as the extent of public support for the board’s role in informing and promoting safety. They do not assess how the ads may have influenced behaviour within the workplace.

---

In its first submission to the Royal Commission, the Compensation Employees’ Union expressed concerns about attributing cause and effect relationships, as follows (p.4):

Recently, Ralph McGinn stated that the Prevention Division had:

…exceeded its goal to work with employers and workers to reduce the injury rate by two percent in 1996 – the rate dropped by 5.7 percent for a record low of five short-term disability claims per 100 person years. (“Strategic Directions: Putting the Plan Into Action”, Board Talk, June/July 1997, page 6)

It is misleading to attribute a decline in injury rates to Prevention Division actions over such a short time frame. How can we have confidence that research on causality will be thorough and useful when the Prevention Division is so ready to conclude cause and effect without foundation? If we don’t do this research, how will we be able to make sense of increases in injury rates, if they occur?

…Another example of this tendency to jump to conclusions about cause and effect can be found in the Division’s five-year strategy document. It states:

In the late summer of 1994 the Division became increasingly concerned with the rising number of fatal accidents in the logging sector. An in depth evaluation to determine causality and patterns was undertaken that led to the release in early October of a report of the findings. A greater compliance focus was placed on logging activity, a series of radio spots highlighting typical fatal scenarios called Stay Alert—Stay Alive was undertaken on regional radio stations to reach workers early each day on their way to work. Investment [sic] $75,000 for this outreach initiative saved 5 or 6 lives and at least $1,250,000 [sic] in survivor reserves and awards. Traditionally 7 or 9 loggers die in the months of October, November, December. In 1994, only 1 logger lost his life at work in this period. (“Making a Difference: A Five Year Strategy for Prevention”)
This report was dated August 22, 1995. How can we possibly claim that the Prevention Division’s compliance and outreach activities had this kind of impact with the passage of one October, November, December time frame? The results could have been a fortuitous anomaly.

Similarly, the 1997 *Administrative Inventory*\(^\text{67}\), which examined the Prevention Division activities, stated that (p.106-107):

Aside from the acknowledged “real” fall of seven percent in STD claims over the period 1988-1993, claims experience in B.C., not traceable to changes in economic activity, has been essentially flat for forty years. Many explanations might be offered for this: 1) not enough effort has been directed towards prevention; 2) inspection and enforcement of existing regulations, though necessary conditions for prevention, are not sufficient in and of themselves to impact significantly on prevention, i.e., other factors also affect prevention success; 3) regulations do not address the worksite changes needed to result in prevention – additional or different regulations may be necessary; 4) management lacks the willingness (attitude) and/or requisite technical language needed to prevent injuries and disease; 5) field officers are not devoting sufficient and effective efforts to encourage the needed attitudinal and behavioural change; 6) field officers are not providing the requisite knowledge to employers and workers through consultation and education; 7) attitudes, experience, and training of workers have an overriding effect on prevention measures taken by management; 8) WCB programs to educate employers and workers outside the inspection process need bolstering; 9) workers are not sufficiently involved in workplace-based prevention efforts; and 10) the situation would be far worse without WCB intervention.

The *Inventory* notes that strategic design will remain “empirical guesswork” without a better understanding of accident causality and what it takes to change behaviour, and that the division’s prevention activities are “proceeding without a clear understanding of

---

accident causation, the needed changes in the firm’s technology and work practices, and how to change behaviours of the key parties to workplace injury and accident prevention – employers and workers" (p.107).

Auditor General’s Observations and Recommendations

With respect to “Safety in the Workplace”, the Auditor General’s Accountability Reporting Review argues that the following measures are necessary (p.18):

- the injury rates;
- analysis of the seriousness of injuries;
- analysis of the causes of injuries;
- the level of compliance with WCB regulations; and
- the impact of prevention activities on the safety performance of targeted firms

As illustrated in Table 2 (Appendix B), the Auditor General’s report offered five recommendations with respect to Prevention Division reporting. These included:

- define the seriousness of injuries and potential for improvement of the most serious injuries
- review and report on the significant causes of injuries and diseases in the workplace and on an analysis of trends in the causes
- report the number of inspection reports issued, including contextual information, and explore ways of reporting on the level of compliance observed during audits and inspections
- enhance ways to measure the impact of prevention activities on the safety performance of targeted firms, assessing which activities have the greatest impact on which type of firms and under which specific circumstances
- report on general awareness of and support for WCB regulations and workplace safety
3.3 Performance Indicators for Rehabilitation and Compensation

Overview of Findings

- there are no indicators to assess one of the three major corporate goals for which Compensation Services is responsible, namely fair compensation
- information on the second corporate goal for which Division is responsible, return-to-work, is also currently limited or unavailable
- other data are missing or unavailable
- there are a number of problems with respect to the accuracy of data, including the number of claims accepted, and the number and cost of LOE and Functional pensions
- the meaningfulness of the data on specific types of claims and claims costs is limited by the fact that only totals and averages are provided; frequency distributions will sometimes show more meaningful patterns

Potential Indicators

Major Objectives

The Rehabilitation and Compensation Services Division is responsible for achieving the corporate objectives of “fair compensation for workers suffering from an occupational injury or illness” and “successful rehabilitation and return-to-work of injured workers”.

Major Activities

The Rehabilitation and Compensation Services Division provides the following services:

- adjudication of claims to establish eligibility and entitlement
- ongoing administration of claims to ensure needed benefits and services are received
- provision of and/or coordination of rehabilitation treatment services, including medical and psychological treatment
- provision of vocational rehabilitation information and services to facilitate return-to-work for injured workers
• provision of long-term benefits to compensate workers and families for permanent disability and death due to workplace injury and disease

Major Outputs

Rehabilitation and Compensation Services outputs include: decisions made on claim eligibility, decisions/calculations made with respect to benefit entitlement, payments made on claims, establishment of rehabilitation plans, provision of treatment services, and evaluations of capabilities. Outputs can be described on a number of dimensions. For example, claim decisions can be described in terms of timeliness, quality, accuracy, and so on.

Major Outcomes

The intended outcomes for this division include: support and assistance received by workers in reporting claims and obtaining benefit entitlements; fair and adequate compensation benefits received; appropriate and effective rehabilitation services received; appropriate and effective return-to-work plans and services received; improved functioning and recovery; safe and durable return-to-work; satisfaction with compensation and services received.

Major Questions to Address with Respect to Performance

The kinds of questions that the Rehabilitation and Compensation Services Division might ask include:

• To what extent is the division providing sufficient support for workers when they experience work-related injuries and disease?
• To what extent is the division providing the resources that injured workers need and are entitled to?
• To what extent is the division providing the services that injured workers need and are entitled to?
• Are workers recovering as a result of these services?
• For those who do not completely recover, is the division providing the right kind of support with respect to these workers' losses?
• Is the division providing services in as cost-effective a manner as possible?
• How can the division improve its services? What is the best mix of services for what types of injured workers?
• What kinds of impacts, both intended and unintended, are occurring as a result of changes in programs and services?

Indicators in Use

The Key Performance indicators for Rehabilitation and Compensation Services are presented in Table 1 (Appendix A).

**Balance: Input, Efficiency, Outputs, Outcomes, Satisfaction**

Overall, the Key Performance Indicators for Rehabilitation and Compensation Services are heavily weighted with output and efficiency measures, and with less emphasis on outcomes. This division offers a greater variety of indicators than does the Prevention Division. There are no indicators of inputs in terms of staff numbers and administrative costs for various program areas. Client satisfaction indicators have been included recently for workers, although not for employers.

Many of the Key Performance Indicators are those that the Compensation Services Division has reported on from 1993 onward in its quarterly reports which included timeliness, client satisfaction, quality and cost-effectiveness, and monthly reports which focused exclusively on timeliness of service\(^{68}\). These reports were considered to be “one of the key management actions undertaken in 1993 to meet the corporate objective to improve service delivery and quality assurance”\(^{69}\). They were also intended to measure the impacts of changes implemented by the Compensation Services Transition Team.

**Appropriateness**

\(^{68}\) As discussed in WCB of BC. Compensation Services Divisional Performance Report, Fourth Quarter, 1993 (Issued January 31, 1994), by the Service Effectiveness Department, Compensation Services (p.1).

\(^{69}\) WCB of BC. Compensation Services Divisional Performance Report, Fourth Quarter, 1993 (Issued January 31, 1994), by the Service Effectiveness Department, Compensation Services (p.1).
The Key Performance Indicators for Rehabilitation and Compensation Services do not reflect the primary corporate objectives of fair compensation and return-to-work. They do reflect the concern within the division itself with service quality as measured by timeliness of adjudication and initial payment. This may, in part, be due to the way that the Board’s senior executive views the legitimate role of the Board, i.e., as responsible and accountable for service delivery, with benefit levels under the jurisdiction and control of the legislation. However, while the Board cannot independently alter the legislation with respect to benefit levels (such as maximums and minimums, percentage of gross income, stacking or integration of benefits, etc.), the Board can take responsibility for monitoring the extent to which these benefits are adequate and equitable for injured workers. The Board can also take responsibility for assessing the extent to which its own internal policies and practices, such as policies and practices around setting average earnings, allocating vocational rehabilitation benefits and services, deeming and terminating wage-loss benefits, and establishing levels of functional impairment and percent disability, contribute to more or less adequate and equitable benefits for injured workers.

Benefit “adequacy” is not included in the Board’s or Rehabilitation and Compensation Services Division’s stated objectives, but the Workers’ Compensation system is charged with ensuring that adequate benefits are provided to injured workers. Adequacy can be considered in terms of the following kinds of questions: What initial and ongoing costs associated with workplace injuries and illnesses are being covered by the Board, by workers themselves, or by others? How are workers faring down the road -- to what extent do workers experience financial hardship following occupational injuries and disease? To what extent are workers restored to pre-injury earnings after injury, when Workers Compensation benefits and pensions, and earnings from work after injury, are taken into consideration? Good, timely service is important, but whether or not the Board’s benefits and services adequately cover workers losses and needs may be more important, from the perspective of workers. The Key Performance Indicators for LTDs deal exclusively with numbers, costs, and efficiency (timeliness). There are no measures of the extent to which LTD pensions are adequate or equitable from the perspective of workers receiving them.
The Angus Reid worker satisfaction surveys ask a series of questions about service delivery or the processes involved in determining and allocating benefits, but they do not assess worker’s perceptions of the fairness or adequacy of the benefits they have received.

Return-to-work data has always been difficult for the Board to provide (see, for example, the Board’s Evaluation of Vocational Rehabilitation Services for Back-Injured Workers). This data has not been collected uniformly for WCB clients, and while there may be some return-to-work information available in some of the workers’ files, it is not in an electronic format that can be easily accessed. The KPIs include some return-to-work data for Vocational Rehabilitation and Rehabilitation Centre clients, but not for clients on short-term wage loss who do not go through these programs, nor for clients assessed for pensions. Furthermore, the return-to-work measure for Vocational Rehabilitation is not as useful as it might be, because it actually includes more than return-to-work (i.e., RTW is defined as “clients who return to work or are in formal training after Voc Rehab intervention”), and because the base (i.e., number of clients for whom return-to-work is an expected outcome) was not captured until 1998. The durability of return-to-work for Vocational Rehabilitation clients is also not assessed. The Board provided some return-to-work figures in its KPI reports for Vocational Rehabilitation clients, but reported in its 1997 Annual Report that these outcomes were “not measured in 1997” (p.3), presumably because of the absence of information on the base. As noted above, several problems with respect to the information collected on return-to-work rates, including double counting, have been identified in previous reports. The Board has indicated that efforts are in place to capture more reliable return-to-work data.

The Compensation Employees’ Union, in their January 29, 1998 submission to the Royal Commission, stated (p.15-16):

A prime example of interdepartmental goal conflict within Compensation Services centers on management’s current emphasis on statistics such as paylag (the length of time from date of injury to first payment processed) and duration (the length of time the worker remains on short term disability benefits) rather than quality decision making. Such an emphasis forces adjudicators to make quick decisions based on limited
evidence to meet paylag statistics and to terminate benefits as quickly as possible to meet duration statistics.

…In Disability Awards, adjudicators complain mandatory volume outputs are based solely on numbers – the number of awards issued with no concern about quality of decision. Previously, a departmental mission statement in Disability Awards included reference to making good decisions.

*Reliability and Usefulness*

As is the case with global indicators like injury rates, discussed above, some of the Rehabilitation and Compensation Services Division indicators are difficult to interpret on their own. Breaks on appeals (i.e., by reason for appeal) and on allow/disallow rates (i.e., by type of injury/claim, and by reason for allow/disallow) would be more meaningful than total numbers. Tracking the average and total dollar values of pension awards will provide the Board with information on how its costs are increasing and decreasing overall, but it provides no information on whether or not these costs are appropriate, too high, or too low. Furthermore, the Performance Indicators say whether or not a decision was made quickly, not whether or not it was made correctly.

Other data that would be important to collect and report on within this Division includes:

- further “income continuity” information, including income continuity through to first pension payment
- informal appeals and reviews, including distributions by reason for appeal/review and outcome
- further breaks on appeal data, by reason for appeal and allow/disallow rates for each reason, including appeals at all levels (i.e., WCRB, Appeal Division, MRP)
- allow and disallow rates by various types of injury and disease claims (to monitor trends in the types of claims that are being reported and decisions made on these claims)
• further timeliness information, such as timeliness of vocational rehabilitation and other internal and external rehabilitation services

• average earnings calculations and resulting changes in benefits (i.e., proportion increased, decreased, or remaining the same as earnings at time of injury)

• proportion of workers “deemed” to return-to-work versus proportion who actually return to work, and for those deemed, proportion who are deemed capable of earning more than they are currently earning

• further information on fraud (number of claims investigated, reasons for investigation, outcomes of investigations)

• information on re-openings (total number of claimants with re-openings, frequency distributions)

• frequency distributions of pensions, by percent impairment

• follow-up information on all claimants, to assess adequacy of benefits and services

• regional distributions on major dimensions (allow/disallow, appeals, etc.)

**Accuracy and Availability**

There are a number of issues with respect to the accuracy of data used by Rehabilitation and Compensation Services. The Royal Commission’s cohort project has found a number of anomalies in the claims data, including problems with total claim counts (for example, some claims may have been started by two different types of forms, so that the same claim is given two different claim numbers and is counted as two separate claims). Similar problems in pension numbers and costs have been recently uncovered. For example, the 1996 Administrative Inventory\(^{70}\) reported the following statistics, obtained from the Board, for 1991 through 1994 (p.123, 124):

---

The Board’s Briefing Paper entitled *Permanent Disability Pensions*\(^71\) provided the following set of figures (p.15):

<table>
<thead>
<tr>
<th>Year</th>
<th>Functional Count</th>
<th>Average Functional</th>
<th>Total Functional</th>
<th>LOE Count</th>
<th>Average LOE</th>
<th>Total LOE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>4,330</td>
<td>$19,800</td>
<td>$85.8 Mill</td>
<td>533</td>
<td>$129,600</td>
<td>$69.1 Mill</td>
</tr>
<tr>
<td>1992</td>
<td>4,607</td>
<td>$21,200</td>
<td>$97.9 Mill</td>
<td>854</td>
<td>$151,000</td>
<td>$130.0 Mill</td>
</tr>
<tr>
<td>1993</td>
<td>5,484</td>
<td>$21,400</td>
<td>$117.5 Mill</td>
<td>1,010</td>
<td>$144,900</td>
<td>$147.0 Mill</td>
</tr>
<tr>
<td>1994</td>
<td>5,400</td>
<td>$20,500</td>
<td>$110.5 Mill</td>
<td>833</td>
<td>$154,600</td>
<td>$128.8 Mill</td>
</tr>
</tbody>
</table>

The Briefing Paper states that the Administrative Inventory “examined a different set of data” which is explained as follows (p.15):

> The data was derived from the Board’s Actuarial Department. The differences in the data result in part from computer reports being run at different times, (sic) the reports also count different things. For example, the Actuarial Department counts one pension award as “2” if the costs are split (sic) between two classes of employer or part of the costs is assigned to the relief fund set up by section 39 (1) (e) of the Act.

Figures recently presented by the Board to the Royal Commission in response to a specific data request were as follows\(^72\):

<table>
<thead>
<tr>
<th>Year</th>
<th>Functional Count</th>
<th>Average Functional</th>
<th>Total Functional</th>
<th>LOE Count</th>
<th>Average LOE</th>
<th>Total LOE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>4,048</td>
<td>$21,739</td>
<td>$88.0 Mill</td>
<td>453</td>
<td>$158,940</td>
<td>$72.0 Mill</td>
</tr>
<tr>
<td>1992</td>
<td>4,155</td>
<td>$24,308</td>
<td>$101.0 Mill</td>
<td>647</td>
<td>$205,564</td>
<td>$133.0 Mill</td>
</tr>
<tr>
<td>1993</td>
<td>4,400</td>
<td>$26,500</td>
<td>$116.6 Mill</td>
<td>650</td>
<td>$230,800</td>
<td>$150.0 Mill</td>
</tr>
<tr>
<td>1994</td>
<td>4,765</td>
<td>$24,000</td>
<td>$114.4 Mill</td>
<td>571</td>
<td>$231,000</td>
<td>$131.9 Mill</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Year</th>
<th>Functional Count</th>
<th>Average Functional</th>
<th>Total Functional</th>
<th>LOE Count</th>
<th>Average LOE</th>
<th>Total LOE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>3,941</td>
<td>$24,940</td>
<td>$98.3 Mill</td>
<td>673</td>
<td>$192,220</td>
<td>$129.4</td>
</tr>
<tr>
<td>1993</td>
<td>4,203</td>
<td>$28,106</td>
<td>$118.1 Mill</td>
<td>740</td>
<td>$201,817</td>
<td>$149.3</td>
</tr>
<tr>
<td>1994</td>
<td>4,577</td>
<td>$24,524</td>
<td>$112.2 Mill</td>
<td>646</td>
<td>$205,579</td>
<td>$132.8</td>
</tr>
</tbody>
</table>

There may be many reasons for the differences in these numbers, such as retrospective adjustments that are made, for example, when a worker wins an appeal, so that the figures will differ depending upon what point in time the numbers are drawn from the database. However, it makes it difficult to use these kinds of numbers to draw conclusions about benefits and services when there is such variability.

The Board’s Annual Report for 1997 reports under “Business Highlights” that “the Board also improved its service to injured workers, such that satisfaction levels reached 80 percent in 1997.” There have been increases on a number of dimensions from the start of the first wave to the most recent wave.

There are, however, some concerns about the way in which the satisfaction ratings are reported by the Board. The 80% satisfaction level referred to above appears to represent those respondents who gave the Board a 6 or higher on a 10-point scale, whereas the survey designers, Angus Reid, caution against using scores below 8 as a measure of satisfaction. In particular, the Angus Reid survey reports contain the following statement with respect to 10-point satisfaction rating scales: “Research has shown that rating scales skew toward the positive end of the scale. On a ten-point rating scale, a rating of 6 or 7 is interpreted as neutral while 5 and below indicate dissatisfaction and 8 or more satisfaction.” If the Angus Reid guidelines are followed, the numbers would be as follows (using Wave 12, October 1997, which was the month in 1997 with the highest satisfaction ratings): 64% satisfied, 18% neutral, and 16% dissatisfied. As of Wave, 17 (March, 1998), the overall satisfaction mean had not exceeded 7.6, which falls between neutral and satisfied. For Wave 17, the overall

73 WCB of BC, Annual Report 1997 (p.6).
74 For example, the Wave with the highest mean satisfaction rating appears to be Wave 12 (October, 1997), with a mean rating of 7.6. The Wave 12 report shows 64% gave the WCB ratings of 8, 9, or 10, 12% gave ratings of 7, and 6% gave ratings of 6, for a total of 82%.
satisfaction mean ranged from a low of 6.0 in Vancouver South to a high of 8.0 in Nanaimo and Victoria. Claimants with more difficult claims, including those who dealt with ODS, were less satisfied than others; for example, in Wave 17, overall satisfaction for ODS was 6.3.

More specific conclusions that can be drawn from the Angus Reid surveys are that claimants are most dissatisfied with a lack of personal and individualized attention (attributes of availability and familiarity with your case), and they are most satisfied with global attributes of the staff member whom they dealt with (attributes of professionalism, courteousness, and knowledge of the claims process).

Reporting and Responding to Trends

The danger of using global impact measures, without trying to analyze these global measures further into their component parts, is that conclusions will be drawn about trends in these measures that may or may not have anything to do with the actual “effectiveness” or “ineffectiveness” of specific Board programs and services. Through interviews with Board personnel, it has been determined that recently some more in-depth analysis is being conducted to try to understand trends in indicators such as duration and disallow rates.

As discussed above, the 1996 Administrative Inventory75 pointed out a number of areas where the Board should be trying to monitor its performance, and stated that an underlying theme that characterized nearly all of the issues raised in the Attention Points of the Inventory was “a lack of adequate analysis about causes and consequences.” (p.254) For example, with respect to pensions, the report states (p.255):

Pensions have been growing faster than any other type of claim in the system. While there are many competing explanations for this, none of them can be proven correct. It is imperative to understand the nature of this trend. There are allegations that the functional award levels are not sufficient to compensate

---

adequately for the actual degree of disability; but no information has been
presented to demonstrate this in a comparative framework. We share a
suspicion that the inadequacy of functional awards may be driving the growth in
loss-of-earnings pensions, but we cannot prove this either.

The contributions of secular trends, demographic forces, policy changes, and
system performance variables need to be sorted out to establish the causes of
the enormous growth in LOE pensions. It is difficult to attack the problem in a
sensible way without a more adequate understanding of the underlying causes.

There is a similar problem with the KPI of “duration”, which is an important KPI for the
division. The fact that claims are open for a shorter period of time might indicate, for
example, that:

   a) early intervention efforts are paying off, with more workers recovering earlier
      and returning to work
   b) policy/practice changes regarding deeming are resulting in more workers
      having benefits terminated earlier on the assumption that they are ready to
      return-to-work
   c) injuries that are occurring are less serious than those in the past
   d) the economy is in a positive cycle so that there are more job opportunities for
      workers to return to
   e) none of the above, or some combination of the above

The fact that duration is shorter means that Board costs with respect to STD benefits are
also lower. However, there may be additional costs incurred by the Board over time if
the explanation for the reduced duration is not (a), for example, but rather (b). If workers
are returning to work too soon because of decisions on the part of the Board, there may
be more re-injuries and re-openings, and/or more appeals of deeming decisions and
benefit terminations, which may be more costly in the end for the Board. Furthermore,
there are the unmeasured social costs that could occur if this is true, including increased
pain and suffering on the part of injured workers, and increased discontent with the
system.
The 1996 Administrative Inventory also commented on the importance of assessing reasons for increases in duration (p.256):

To date there has been no satisfactory explanation given for the rising durations of disability at the WCB. It may be due to an increasing complexity of adjudication issues, it may be due to the form fees incentive for subsequent medical treatment visits, it may be due to the initial/ongoing adjudication model. In truth, it may be due to all or none of these. The problem is that no one knows, so it is impossible to design an effective strategy to reverse the situation. Since the ultimate purpose of the WCB is to prevent disability, but to encourage it, a much greater priority should be given to understanding the rising duration of disability.

Board personnel acknowledged in interviews that recently, duration has been increasing rather than decreasing, and efforts are being made to identify the reasons for this trend.

The Board attributes impacts to its programs at times with little basis for these conclusions, because it has failed to investigate in any depth the factors associated with changes in global measures. For example, the 1997 Annual Report, the Board states (p.19):

Review Board Appeals. The Workers’ Compensation Review Board, which is independent of the WCB, receives appeals from injured workers who are dissatisfied with the decisions made on their claims. The number of appeals received by the Review Board decreased approximately 15 percent from 13,247 in 1996 to 11,212 in 1997. This reduction indicates that more injured workers are satisfied with the WCB’s decisions and that early intervention strategies, such as the continuum of care, are meeting clients’ needs and expectations.

There is no discussion of the nature of the appeals, such as which types of decisions are being appealed less frequently. One hypothesis, for example, is that since there were fewer claims reported in 1995 and 1996, and taking into account a lag of several months before appeals reach the Review Board, one would expect to see reductions over time in Review Board appeals on this basis alone. Also, since the Board had had an unusually
high disallow rate in 1995 and 1996, relative to 1997, it would be expected that more appeals would have been made in 1996 relative to 1997 on eligibility and entitlement issues. Since issues related to eligibility and entitlement represent the largest proportion of appealed decisions, a change in this area alone could make a significant difference overall. Without an analysis of the specific types of appeals that are declining, it is impossible to draw conclusions about level of satisfaction with specific Board strategies, although this is precisely what the Board has done in its Annual Report. Furthermore, even with such an analysis, the Board would need to provide other corroborating evidence to tie results on appeals to specific programs such as the Continuum of Care. In the event that the reduction is due, for example, to a drop in appeals by claimants who had their claims turned down, this reduction would have absolutely no relationship to early intervention strategies like the Continuum of Care.

The Annual Report, in its discussion of Review Board appeals, does not add that the rate of “allows” at the Review Board level are on the increase\textsuperscript{76}, which might suggest that the quality of decision-making has gone down, although other explanations are also possible.

The 1997 Annual Report also states that (p.19):

Compensation Services sends injured workers “How did we do?” response cards to measure their service satisfaction and to obtain any other suggestions or feedback they may have. The numerous complimentary comments received are perhaps the most meaningful evidence that the WCB’s service initiatives are making a positive difference.

There is no discussion of what these responses have provided to the Board in the way of criticisms of current services, or suggested improvements, which no doubt formed part of the feedback even if complimentary comments were most common.

\textsuperscript{76} WCB of BC. Rehabilitation and Compensation Services Division. Response to Royal Commission Request dated February 9, 1998. Response to Question 12 (1). Data provided by the Workers’ Compensation Review Board.
Auditor General’s Observations and Recommendations

The Auditor General’s report makes a number of very useful suggestions, particularly those regarding assessing benefit adequacy, and assessing the quality of adjudication. With respect to the latter, the report notes that (p.25):

Many of the people we interviewed for this review expressed an interest in receiving assurance about the quality of the adjudication process. We believe that the quality of adjudication is the result of many factors, including:

- WCB policies;
- corporate direction regarding values;
- corporate traditions and culture;
- quality assurance processes; and
- the skill base and training of the staff handling claims.

There is increasing evidence that many decisions made in organizations are more strongly influenced by so-called “soft” factors than by formal written policies and organizational structures. Our understanding from our interviews with WCB stakeholders is that adjudication patterns seem to reflect influences that are not formally recorded or even recognized. This is why we believe that the WCB’s accountability reporting needs to address issues such as culture in the organization.

As can be seen in Table 2 (Appendix B), the Auditor General offered seven recommendations regarding reporting for Rehabilitation and Compensation Services:

- explore the possibility of developing and reporting on pre- and post-injury incomes, in order to assess adequacy of compensation to injured workers
- assess and report on the success of the WCB rehabilitation network in restoring claimants to pre-injury physical and mental status
- provide results of a comprehensive return to work analysis which would include a break down of return-to-work results on various dimensions, durability, and information on reopenings.
• report on the benefit entitlement/adjudication process in a way that would provide assurance on the quality of the adjudication process, including indicators of quality (e.g., allow/disallow rates, appeal rates), as well as factors that affect quality (e.g., corporate culture, policies, skill base of the staff handling claims)
• report on the number of appeals and the outcome of these appeals for all the appellant bodies (i.e., not just WCRB appeals)
• report on timeliness of client service, beyond simply the first short-term disability payment or long-term disability award.
• provide more detailed timeliness information, beyond simple averages (possibly including ranges and frequency of distribution), to identify types of injuries or claims that pose a particular timeliness problem

3.4 Performance Indicators for Finance and Information Services

Overview of Findings

• indicators to assess financial stability are provided in the KPI reports, although more information could be provided to make these indicators more meaningful, such as subclass balances/imbalance and factors that may influence costs in the future
• there are no indicators of employer perceptions of service
• there are no indicators for Information Services
• the Experience-Rated Assessment (ERA) plan, and classification issues, could be better monitored by illustrating cost and assessment distributions and anomalies

Potential Indicators

Major Objectives

Finance and Information Services aims to provide sound financial management, along with fairness of funding for employers.
**Major Activities**

The Finance and Information Services Division provides the following services:

- ongoing monitoring of income and expenditures to ensure adequate coverage of current and future claims costs
- registration, classification, assessment and monitoring of employers
- investment of income to ensure optimal return
- protection of assets
- preparation of statistics for monitoring organizational performance
- providing information systems support to other divisions of the Board

**Major Outputs**

Outputs include:

- firm files, forms, assessment rates, etc.
- portfolio, asset listings, etc.
- data and data-acquisition programs in response to internal requests

**Major Outcomes**

Outcomes of these services should include:

- accurate and complete revenue generation
- balanced budget and financial sustainability
- fair funding for employers
- improved information for Board decision-making

**Major Questions to Address with Respect to Performance**

The kinds of questions that the Finance and Information Services Division might ask include:
• To what extent is the division accurately assessing BC employers? Is the classification system accurate? To what extent are employers paying more or less than they should be? What proportion of employers in BC who should be registered with the WCB, are actually registered?

• To what extent is the division providing the services that employers need and are entitled to with respect to their assessments?

• To what extent is the division providing the information that the other divisions of the Board need?

• Is the division providing services in as cost-effective a manner as possible?

• How can the division improve its services?

• What kinds of impacts, both intended and unintended, are occurring as a result of changes in programs and services?

Indicators in Use

The Key Performance indicators for Finance and Information Services are presented in Table 1 (Appendix A).

*Balance: Input, Efficiency, Outputs, Outcomes, Satisfaction*

Finance and Information Services has no KPIs for the Information Services function of the division.

Indicators for Finance focus on Assessment Department and Treasury functions. There are no input measures (i.e., staffing and administrative costs for various sections within the division, other than total administrative costs), few activity and output measures, and no client satisfaction measures. There are several outcome measures which illustrate the extent to which the budget is balanced, trends in costs, and growth in the investment portfolio.
**Appropriateness**

The set of indicators that are in place are appropriate, but as is the case with the other areas, there are important indicators missing.

**Reliability and Usefulness**

The KPIs might be more useful to the Panel and to stakeholders if they provided more information on trends in costs over time, as well as reasons for these trends. As discussed below, some of this information is provided in the Annual Report.

Other indicators that would be useful to collect and report on in the KPI reports include:

- return-on-investment of Board funds versus return-on-investment for similar investment funds for the year
- unappropriated balances/unfunded liability at the subclass level
- Experience Rated Assessment (ERA) statistics, including comparisons of costs and assessments for continuous merit and demerit employers
- homogeneity of employers within the subclass, showing the assessment/claim cost ratio for different groups within each subclass
- percent of current claims costs versus historical claims costs that employers are paying, monitoring subclass differences
- employer knowledge and understanding of assessments, rights and responsibilities
- employer satisfaction ratings
- appeals of Assessment Department decisions

**Accuracy and Accuracy**

There were no specific issues observed with respect to accuracy of the Finance KPI’s, although as discussed above, basic information reported by the Board on claim numbers and costs for different types of claims can be inaccurate, and these costs are essential to the determination of the financial status of the organization at year end.
Reporting and Responding to Trends

The Board has been in a relatively positive financial position for some time, with some dips in the early 1990’s, but never falling to a point where the unfunded liability was as large as it has been in some other provinces across Canada.

The 1992 Annual Report\textsuperscript{77} stated that:

During this time of transition, a shift occurred in the WCB’s financial position, and in 1992 we moved into an underfunded situation. While total income for the year was up, it fell short of expenses, effectively shifting the balance sheet from a three percent unappropriated balance (+$66.6 million) at the end of 1991, to a one percent unfunded liability (-$97 million) at the end of 1992…

The present one percent underfunded status does not compromise the long-term financial integrity of the workers’ compensation system. Nonetheless, we are strongly mindful of the need to vigorously monitor and manage the situation, and it is a priority for the Board’s management team.

An explanation for the change in funding status can be found primarily in the 16 percent increase in claims costs. Claims costs rose from $819 million to $952 million.

More in-depth analysis of these claims costs reveals several major factors contributing to the increases. These include an increase in benefit levels, an increase in the duration of 1992 claims (from 21.8 days per claim in the injury year 1991 to 23.1 days in the injury year 1992), an increase in the days lost on previous years’ claims (1.1 million days in 1991 to 1.4 million in 1992), and the financial impact of processing the backlog of claims settled by the Appeal Division.

It is also explained that increases in loss-of-earnings pensions, rehabilitation costs, and administration costs had occurred that year.

The Board’s 1996 Business Plan\(^{79}\) discusses the Board’s historical performance, as follows:

The Board operated at a deficit in each of the five consecutive years from 1990 through 1994. These deficits totaled $560 million and resulted in an unfunded liability of $318 million by the year-end 1994. Since 1989, administrative expenses almost doubled, becoming a lightening rod for critics of the Board.

...in the five years from 1990 to 1994, the Board’s assessment revenues grew an average 11% per year and investment income grew a modest 2.2% annually. Compensation expenses grew at 10.3% per year while administration costs rose 12.4% annually.

Equally dramatic, however, is the turnaround in these comparisons for 1995 and 1996. Assessment revenues in 1995 rose 12.1% while investment income increased 26.7% over 1994. Compensation costs declined 0.8% while administration expenses were static year over year.

In 1996, Assessment revenues are forecast to rise by 9.8%, while investment income growth slows to 7.1%. Compensation costs are forecast to increase 1.6% and administration expenses, including a $8.5 million investment in strategic initiatives will rise by 2.7%.

A footnote to the table containing some of these figures states that:

Total assessable payroll in 1989 was $26.5 billion. Total payrolls for 1994 were $37.9 billion. On the same basis, the compound average annual growth of the assessable payroll base was 9.8% compared to 11% growth in income. The

---

\(^{78}\) WCB of BC. Annual Report 1992 (p.47).
difference reflects the compound annual growth in the average assessment rate of approximately 4% per year.

Similarly, the 1996 Strategic Plan states:

Historically, the WCB of BC has enjoyed success on many levels. Its strong financial position has historically kept average assessment rates at among the lowest levels among the large provinces while allowing for weekly benefits at or near the highest levels (p. 9).

At 1994 year end, the WCB was 94% funded. The unfunded liability, although at a manageable 6% level, was perceived to be “huge” when reports of $317 million in “debt” were made in isolation. The reality is that BC has one of the highest “funded” levels in Canada while paying injured workers nearly the highest benefits. Average employer assessment rates are the lowest of the three largest provinces and below the national average (p. 11-12).

The annual report provides more detail than the KPI reports on the Board’s investments, as well as reasons for trends. For example, the 1997 Annual Report states that (p.9):

Investment income rose 20.8 percent to $645 million, providing an 11.3 percent return on total assets. The total return on the portfolio of investments measured in market value was 13.8 percent for the year. As a result, deferred investment gains increased to $1,052 million at the end of 1997 (199: $721 million).

The investment portfolio has performed exceptionally well relative to its required long-term rate of return of the consumer price index (CPI) plus three percent in each of the past five years. In 1997, the annualized total return of the portfolio underperformed slightly against its composite benchmark. This underperformance was mainly attributable to active equity fund managers, particularly in the U.S., where average returns of 33.7 percent were realized for the year, but were lower than the Russell 1000 index (the benchmark) that returned 38.7 percent.

WCB of BC. 1996 Business Plan (p.15).
It is important to keep in mind that one good year can be set back when changes are made to benefits retroactively (for example, reinstated widow’s pensions amounted to an unanticipated liability of $430 million in 1996\(^80\)). The Board uses various personal distinctions such as age to determine benefit allocations, some of which have been considered “unlawful” by the Appeal Division, so that it is certainly possible that similar kinds of retroactive adjustments will need to be made in the future.

Concerns that have arisen over the years with respect to the Board’s financial position relate to the fact that all costs have increased over the past few years, and some costs have increased significantly, particularly health care costs, vocational rehabilitation costs, and loss-of-earnings pension costs. Employers have complained that while injury rates have gone down in recent years, their costs continue to go up. Furthermore, employers who have seen reductions in their own worksite injury rates and claims costs continue to experience subclass rate increases. Some costs, like payments for vocational rehabilitation, have decreased in the last couple of years. The Board reduced the average assessment rate in 1996 and 1997, to reflect the Board’s improving financial position\(^81\), and in 1998 will be at the same level that it was in 1986\(^92\). Typically, some subclasses receive rate decreases, some no rate change, and others rate increases, depending upon their individual subclass balance sheet at year-end.

Decisions about whether or not the average assessment rate is too high, about right, or too low, should also be informed by clear and meaningful information on the adequacy of benefits. While “weekly benefits” may be higher in BC than across Canada, it may or may not be true that workers on longer-term benefits (i.e., average earnings) and pensions, are as well off. Furthermore, as the Royal Commission has learned, the WCB of BC’s record has not been so favourable relative to the rest of Canada with respect to other benefits such as funeral expenses.

Some other provinces receive additional government funding for occupational health and safety services, whereas the WCB of BC must fund its Prevention Division entirely through employer assessments. The Prevention Division has made it clear that it has

\(^80\) WCB of BC. Annual Report, 1997 (p.12).
\(^81\) WCB of BC. Annual Report, 1997 (p.6).
insufficient resources to inspect BC worksites on a regular basis, and while the injury rate in BC has been declining in recent years, it still remains among the highest in Canada. Viewed within this context, the fact that the Board’s average employer assessment rates are among the lowest in Canada is less impressive. The Board could, for example, charge higher assessments for employers with poor safety records (i.e., above and beyond ERA, and based on safety measures other than claims costs), and allocate these funds directly to the Prevention Division for inspection and education services for these employers – these rates could be kept at an inflated level until employer safety records improved. Low risk employers and employers with good safety records would not be affected. Furthermore, redistribution of costs to those employers with continuously high claims costs and from those employers with continuously low claims costs, could result in overall lower rates for employers committed to safe workplaces and who are justifiably concerned about paying far more into the system than they are costing it. (Changes to ERA are part of the Employer Services Strategy, although the basis for assessment adjustments will continue to be claims costs, with incentive plans based on safety efforts as a separate approach to be tried subsequently).

Auditor General’s Observations and Recommendations

With respect to “Financial Sustainability”, the Auditor General’s Accountability Reporting Review argues that the following measures are necessary (p.23):

- Percent funded
- Return on investments
- Other financial results
- Internal controls

As can be seen in Table 2 (Appendix B), the Auditor General offered eight recommendations regarding reporting for Finance and Information Services (Note: the report focused on Assessments and the Treasury, and did not address Information Services):

82 WCB of BC. Annual Report, 1997 (p.20).
• continue to provide output information on the number of employers registered, and provide information on the completeness of registration and on the efforts and processes used to ensure this completeness

• provide periodic assessments of the classification process, the methodology used, the categories chosen, employer satisfaction, and any significant issues regarding classification.

• provide more detailed information on the completeness of collection, including the percentage of penalties collected, the total write-offs, the age of accounts receivable, and the collection ratio (i.e., the total assessment revenue receivable for the fiscal year divided by total assessment income for the fiscal year)

• define “fairness” in relation to assessment rates and then develop an indicator to measure the level of fairness and report on the level to both the Panel and the external stakeholders.

• provide stakeholders with the information they need to make their own evaluation of the fairness of the assessment rates, including an explanation of and the actual merit/demerit spread and information on prevention performance by employer class and subclass.

• return on investment information should be compared to investment benchmarks in the annual report

• report on return on capital expenditures

• provide an inventory of the key internal controls and annual assurance about the integrity of the internal controls, including mechanisms that exist to prevent and detect fraud
APPENDIX A

WCB Key Performance Indicators
Table 1: List of Current WCB Performance Indicators by Program

MACRO INDICATORS

<table>
<thead>
<tr>
<th>Type of Measure</th>
<th>Existing Key Performance Indicator(^{83})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input Measures</td>
<td>1-10 Statement of Operations (Income and Expenses)</td>
</tr>
<tr>
<td>Output Measures</td>
<td></td>
</tr>
<tr>
<td>Efficiency Measures</td>
<td>2-3 Timeliness</td>
</tr>
<tr>
<td>Outcome Measures</td>
<td>2-4 Duration of STD Claims</td>
</tr>
<tr>
<td></td>
<td>2-26 Conversion Rate from STD to LTD (Propensity)</td>
</tr>
<tr>
<td>Immediate</td>
<td>3-13 Investment Portfolio</td>
</tr>
<tr>
<td></td>
<td>3-1 Statement of Operations</td>
</tr>
<tr>
<td>Intermediate</td>
<td></td>
</tr>
<tr>
<td>Outcome Measures</td>
<td>1-1 Injury Rate</td>
</tr>
<tr>
<td>Ultimate</td>
<td>1-3 STD Claims Accepted</td>
</tr>
<tr>
<td>Client/Customer</td>
<td>2-31 Aggregate Client Satisfaction</td>
</tr>
<tr>
<td>Satisfaction Measures</td>
<td></td>
</tr>
<tr>
<td>Secondary/Unintended</td>
<td></td>
</tr>
<tr>
<td>Impacts</td>
<td></td>
</tr>
<tr>
<td>Unclear/Other Purposes</td>
<td></td>
</tr>
</tbody>
</table>

Note: Indicator 3-14 “Asset Allocation Based on Market Value of Portfolio” appears to be a measure showing that the division is correctly allocating dollars to different investment options, according to policy. Indicator 3-15 “TSE 300 and S&P 500 Indices” are Performance Indicators for the TSE 300 and S&P 500, and are relevant to the Board’s performance only when considered in terms of the investments made by the Board, and the market performance of other options.


## PREVENTION DIVISION

<table>
<thead>
<tr>
<th>Type of Measure</th>
<th>Existing Key Performance Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Input Measures</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Output Measures</strong></td>
<td></td>
</tr>
<tr>
<td>1-15 Prosecutions</td>
<td></td>
</tr>
<tr>
<td>1-16 Worksite Activity (Regional Services)</td>
<td></td>
</tr>
<tr>
<td>1-17 AIRS Installed</td>
<td></td>
</tr>
<tr>
<td>1-18 Additional Assessments Imposed and Recommended (number)</td>
<td></td>
</tr>
<tr>
<td>1-19 Additional Assessments Imposed (dollar)</td>
<td></td>
</tr>
<tr>
<td><strong>Efficiency Measures</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Outcome Measures</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Immediate</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Intermediate</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Outcome Measures</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Ultimate</strong></td>
<td></td>
</tr>
<tr>
<td>1-1 Injury Rate</td>
<td></td>
</tr>
<tr>
<td>1-2 Total Claims Registered</td>
<td></td>
</tr>
<tr>
<td>1-3 STD Claims Accepted</td>
<td></td>
</tr>
<tr>
<td>1-4 STD Claims Accepted for Key Industries</td>
<td></td>
</tr>
<tr>
<td>1-5 Logging STD Claims Accepted</td>
<td></td>
</tr>
<tr>
<td>1-6 Sawmill STD Claims Accepted</td>
<td></td>
</tr>
<tr>
<td>1-7 Construction STD Claims Accepted</td>
<td></td>
</tr>
<tr>
<td>1-8 Heavy Manufacturing Claims Accepted</td>
<td></td>
</tr>
<tr>
<td>1-9 Health Care STD Claims Accepted</td>
<td></td>
</tr>
<tr>
<td>1-10 Retail Foods STD Claims Accepted</td>
<td></td>
</tr>
<tr>
<td>1-11 Trucking STD Claims Accepted</td>
<td></td>
</tr>
<tr>
<td>1-12 Fatal Claims Accepted</td>
<td></td>
</tr>
<tr>
<td>1-13 Logging Traumatic Fatalities</td>
<td></td>
</tr>
<tr>
<td>1-14 Logging Fatality Rate</td>
<td></td>
</tr>
<tr>
<td><strong>Client/Customer Satisfaction Measures</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Secondary/Unintended Impacts</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Unclear/Other Purposes</strong></td>
<td></td>
</tr>
<tr>
<td>1-20 Fatal Accident Investigation Report Details</td>
<td></td>
</tr>
</tbody>
</table>

---

## REHABILITATION AND COMPENSATION SERVICES

<table>
<thead>
<tr>
<th>Type of Measure</th>
<th>Existing Key Performance Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Input Measures</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Output Measures</strong></td>
<td>2-1 Claims Volume</td>
</tr>
<tr>
<td></td>
<td>2-16 Occupancy – Head Injury Program</td>
</tr>
<tr>
<td></td>
<td>2-18 New LOE Awards Completed</td>
</tr>
<tr>
<td></td>
<td>2-21 New Functional Awards Completed</td>
</tr>
<tr>
<td></td>
<td>2-27 Field Investigations Completed</td>
</tr>
<tr>
<td><strong>Efficiency Measures</strong></td>
<td>2-2 Income Continuity</td>
</tr>
<tr>
<td></td>
<td>2-3 Timeliness</td>
</tr>
<tr>
<td></td>
<td>2-11 - 2-17 Injury to Admission (Specific Rehab Centre programs)</td>
</tr>
<tr>
<td></td>
<td>2-11 - 2-17 Length of Stay (Specific Rehab Centre programs)</td>
</tr>
<tr>
<td></td>
<td>2-20 Timeliness of New LOE Awards</td>
</tr>
<tr>
<td></td>
<td>2-23 Timeliness of New Functional Awards</td>
</tr>
<tr>
<td></td>
<td>2-25 LTD Queue</td>
</tr>
<tr>
<td><strong>Outcome Measures</strong></td>
<td>2-4 Retrospective Duration</td>
</tr>
<tr>
<td>Immediate</td>
<td>2-6 Aged Inventory of Claims on Wage Loss</td>
</tr>
<tr>
<td></td>
<td>2-10 Review Board Allows</td>
</tr>
<tr>
<td></td>
<td>2-11 - 2-17 Fit to RTW at Discharge (Specific Rehab Centre programs)</td>
</tr>
<tr>
<td><strong>Outcome Measures</strong></td>
<td>2-5 Return to Work</td>
</tr>
<tr>
<td>Intermediate</td>
<td>2-11 - 2-17 Durable RTW 3 Months Post-Discharge (Specific Rehab Centre programs)</td>
</tr>
<tr>
<td><strong>Outcome Measures</strong></td>
<td>2-11 - 2-17 Client Satisfaction (Specific Rehab Centre Programs)</td>
</tr>
<tr>
<td>Ultimate</td>
<td>2-29 Overall Satisfaction by SDL</td>
</tr>
<tr>
<td></td>
<td>2-30 Client Satisfaction Survey – Overall Service by Month</td>
</tr>
<tr>
<td></td>
<td>2-31 Aggregate Client Satisfaction</td>
</tr>
<tr>
<td><strong>Client/Customer satisfaction</strong></td>
<td>2-9 Appeals Received by Review Board</td>
</tr>
<tr>
<td>Measures</td>
<td></td>
</tr>
<tr>
<td><strong>Secondary/Unintended Impacts</strong></td>
<td>2-7 Disallowed and Rejected Claims</td>
</tr>
<tr>
<td><strong>Unclear/Other Purposes</strong></td>
<td>2-8 Disallow Rate</td>
</tr>
<tr>
<td></td>
<td>2-19 Average LOE Award Cost</td>
</tr>
<tr>
<td></td>
<td>2-20 Average Functional Award Cost</td>
</tr>
<tr>
<td></td>
<td>2-24 Average Fatal Award Cost</td>
</tr>
<tr>
<td></td>
<td>2-26 Conversion Rate from STD to LTD</td>
</tr>
<tr>
<td></td>
<td>2-28 Field Investigations: (Dollars Recovered, Referrals to Crown, Convictions, Pending Convictions)</td>
</tr>
</tbody>
</table>

Note: Claims Volume is included in Outputs because it could be one indicator of the workload, although it should be used in conjunction with other data (including FTE’s, types of claims, etc.); “Retrospective Duration” and “Aged Inventory of Claims” may also be considered efficiency measures; Appeals Received by Review Board may also be considered a indicator of client satisfaction.
## FINANCE AND INFORMATION SERVICES

<table>
<thead>
<tr>
<th>Type of Measure</th>
<th>Existing Key Performance Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input Measures</td>
<td></td>
</tr>
</tbody>
</table>
| Output Measures              | 3-14 Asset Allocation Based on Market Value of Portfolio  
3-16 Employer Assessments (Employers Registered, Canceled, Total at Month-End)  
3-17 Audits and Collections (Number of firms audited) |
| Efficiency Measures          |                                                                                                    |
| Outcome Measures             |                                                                                                    |
| Immediate                    | 3-1 Statement of Operations  
3-2 Statement of Receipts and Disbursements  
3-3 Administrative Expenses by Division  
3-4 Internal Rate of Return on all Capital Expenditures  
3-5 Cash Statement to Statement of Operations Reconciliation  
3-6 Changes in Benefit Liabilities  
3-13 Investment Portfolio  
3-17 Audits and Collections (Audit adjustments in dollars and collection amounts in dollars) |
| Outcome Measures             |                                                                                                    |
| Intermediate                 |                                                                                                    |
| Outcome Measures             |                                                                                                    |
| Ultimate                     |                                                                                                    |
| Client/Customer Satisfaction |                                                                                                    |
| Measures                     |                                                                                                    |
| Secondary/Unintended Impacts |                                                                                                    |
| Unclear/Other Purposes       | A number of indicators are likely used to illustrate past and future trends in costs, including:  
3-7 Compensation Costs Defined  
3-8 Total Compensation Index (excluding survivor benefits)  
3-9 STD Claims Index  
3-10 LTD Claims Index  
3-11 Health Care Claims Index  
3-12 Rehabilitation Cost Index  
3-15 TSE 300 & S&P 500 Indices |

Note: “Internal Rate of Return on Capital Expenditures” could be considered a measure of the performance of other Divisions, except to the extent that the Finance and Information Services Division is responsible for overseeing and evaluating the divisional plans with respect to this measure. Indicator 3.14 Asset Allocation Based on Market Value of Portfolio appears to be a measure showing that the division is correctly allocating dollars to different investment options, according to policy.
APPENDIX B

Auditor General Recommendations
Table 2: Auditor General Recommendations

CORPORATE

1. Mandate and Legislative Compliance: That the WCB continue to periodically analyze the relevancy and clarity of the legislation and mandate governing the WCB and report the findings to the Panel and in the annual report. WCB should also provide assurance about its compliance with governing legislation.

2. Mission, Vision, Values, and Standards of Conduct: That the WCB mission, vision, and values be included in the annual report to the Legislative Assembly.

3. Mission, Vision, Values, and Standards of Conduct: That WCB management report on its code of conduct in the annual report and confirm that the code has been adhered to in all material respects. The possibility of conducting an independent “ethics audit” should also be considered.

4. Mission, Vision, Values, and Standards of Conduct: That the WCB identify key cultural and value dimensions of the organization. WCB management should include in staff surveys a measurement of staff perception of the importance of values and the extent to which they perceive they are being adhered to by themselves and their colleagues. Management should also identify key service and performance values, competencies and principles for each key decision making role and report on reinforcement and education activity, as well as client perceptions regarding the exercise of these values (i.e., whether claims are handled fairly, compassionately, courteously, and expeditiously).

5. Strategic Goals: That the WCB develop and report on indicators with respect to the extent to which the fifteen strategic goals in the annual report and in the reporting to the Panel are being met.

6. Relevance of WCB Programs and Regulations: That management provide periodic assurance on the continued relevance of WCB programs, such as prevention, rehabilitation, assessment, and compensation. To assess program relevance, management should track and report on key worker, employer, and environmental factors and compare these trends to WCB program activity types and levels to assess the relevance of WCB programs in light of this information. Activity levels and trends, such as the number of hours dedicated to inspections versus education, should be reported in a manner that allows the reader to compare this information to trends in needs, such as workplace safety, injury types, and injury severity.

26. Service Quality -- Stakeholder Satisfaction: That overall satisfaction with the performance of the WCB and attitudes towards it, be periodically measured and reported to the Panel and in the annual report for the following stakeholder groups:
- workers (i.e., not just injured workers)
- employers
- MLAs
- the medical community

These are broad categories, and we believe some work should be done to segment the “market” into meaningful groups, to enable the WCB to pinpoint areas of concern, both by WCB program, and by stakeholder type. Measurement of satisfaction should include issues of how WCB communicates with clients and the complexity of the process as experienced by claimants.

27. **Service Quality -- Fairness of Access to WCB Services:** That management define “fairness” in relation to access to services and then develop an indicator to measure the level of fairness and report on the results to the Panel and the external stakeholders.

28. **Public Awareness:** That the general awareness, understanding, and support for the WCB’s mission, vision, values, and objectives be measured periodically and the results provided to the Panel and in the annual report.

30. **Efficiency:** That management clarify the meaning of “administrative” in the annual report.

31. **Efficiency:** That the WCB explore the possibility of developing and reporting on more meaningful efficiency measures, such as performance measures that attempt to correlate administrative expenses with service quality.

32. **Efficiency:** That management report on all significant dimensions of strategic projects in the annual report.

33. **Secondary Impacts:** That the WCB identify potential secondary impacts and assess which ones are worthy of investigation and reporting. Those identified should be reported to both the Panel and the external stakeholders.

38. **Quality of Information:** That the Panel receive periodic assurance about the adequacy of the WCB’s management information systems, its critical performance measures and data, and the integrity of the data collection processes. This could be done every two years, or the elements could be segmented and reported on a cyclical basis, covering the entire population over a two- or three-year period.

39. **Risk management:** That the significant business risks faced by the WCB and its strategy to deal with those risks, be reported periodically to the Panel.
PREVENTION

10. **Safety in the Workplace -- Injury Rates**: That management define the seriousness of injuries and potential for improvement of the most serious injuries and provide this information to the Panel and in the annual report.

11. **Safety in the Workplace -- Analysis of Causes of Injuries**: That the reporting to the Panel and the annual report include a review of the significant causes of injuries and diseases in the workplace and an analysis of trends in the causes. This analysis should also involve a review of the underlying causes of injuries, including other factors that may affect worker and employer attitudes and behaviour, such as WCB legislation, regulations, and policies, as well as government policies. We recognize the difficulty in this type of analysis and suggest that the WCB conduct more research and apply existing research to completing this analysis.

12. **Safety in the Workplace -- Compliance with Regulations**: That WCB management continue to report on the number of additional assessments recommended and imposed. The WCB should also report the number of inspection reports issued, including contextual information, and explore ways of reporting on the level of compliance it is seeing during its audits and inspections, and the outcomes of its site visits.

13. **Safety in the Workplace -- Impact on Targeted Firms**: That management enhance ways to measure the impact of prevention activities on the safety performance of targeted firms, to assess which activities have the greatest impact on which type of firms and under which specific circumstances. Results of these assessments should be reported to both the Panel and the external stakeholders.

29. **Public Awareness of Safety**: That the general awareness of and support for WCB regulations and workplace safety be included in the annual report.

COMPENSATION

7. **Adequacy of Compensation to Injured Workers**: That the WCB explore the possibility of developing and reporting on pre- and post-injury incomes.

8. **Restoration of Workers to Pre-Injury Status**: That the WCB assess the success of the WCB rehabilitation network in restoring claimants to pre-injury physical and mental status and report on its success to the Panel and in the annual report.

9. **Restoration of Workers to Pre-Injury Status**: That the results of a comprehensive return to work analysis be provided to the Panel and the external stakeholders. This analysis should include:
   - a break down of return-to-work results (by type of claim, type of injury, type of intervention, and deemed versus actual return-to-work cases);
• durability; and
• information on reopenings.

As much as possible, this information should be segregated in a meaningful way, possibly by type of injury, size of employer, and type of occupation. In addition, durability, longer than three months, should be considered for specific types of injuries and could be assessed through periodic, longitudinal studies.

22. **Quality of Adjudication:** That management report on the benefit entitlement/adjudication process in a way that would provide assurance to the panel and in the annual report on the quality of the adjudication process. Indicators, such as allow/disallow rates and appeal rates, would be included. As noted in recommendation four, each of the factors that affect this quality, including corporate culture, direction, policies, quality assurance processes, and the skill base of the staff handling claims, should also be included in this assurance. We acknowledge the difficulty of this assessment and suggest that the WCB explore appropriate methods.

23. **Quality of Adjudication:** That the Panel and the external stakeholders receive information on the number of appeals and the outcome of these appeals for all the appellant bodies, including the Appeal Division and the Medical Review Department. The annual report should also include the number of claims allowed, disallowed, or rejected, and the overall disallow rate for all types of claims.

24. **Service Quality -- Timeliness of Client Service:** That management report on timeliness of its client service, beyond simply the first short-term disability payment or long-term disability award.

25. **Service Quality -- Timeliness of Client Service:** That management provide the Panel and the external stakeholders with more detailed timeliness information, beyond simple averages (possibly including ranges and frequency of distribution), to alert them to types of injuries or claims that pose a particular timeliness problem.

**FINANCE/INFORMATION SERVICES**

14. **Fairness of Funding Load -- Completeness of Registration:** That the Panel and the annual report continue to provide output information on the number of employers registered. Management should also provide information annually on its estimate of the completeness of registration and on the efforts and processes used to ensure this completeness. This information should be provided to the Panel and in the annual report.

15. **Fairness of Funding Load -- Accuracy of Classification:** That the Panel receives periodic assessments of the classification process, the methodology used, the categories chosen,
employer satisfaction, and any significant issues regarding classification. A summary of this information should also be included in the annual report.

16. **Fairness of Funding Load -- Completeness of Collection of Assessment Revenue:** That the Panel and the external stakeholders be provided with more detailed information on the completeness of collection, including the percentage of penalties collected, the total write-offs, the age of accounts receivable, and the collection ratio (i.e., the total assessment revenue receivable for the fiscal year divided by total assessment income for the fiscal year).

17. **Fairness of Funding Load -- Fairness of Assessment Rates:** That the WCB define “fairness” in relation to assessment rates and then develop an indicator to measure the level of fairness and report on the level to both the Panel and the external stakeholders.

18. **Fairness of Assessment Rates:** That management provide its stakeholders with the information they need to make their own evaluation of the fairness of the assessment rates, including an explanation of and the actual merit/demerit spread and information on prevention performance by employer class and subclass.

19. **Financial Sustainability -- Return on Investment:** That return on investment information be compared to investment benchmarks in the annual report.

20. **Financial Sustainability -- Return on Investment:** That the return on capital expenditures be reported to both panel and the external stakeholders, as soon as this information is available.

21. **Financial Sustainability -- Internal Controls:** That management provide the Panel and the external stakeholders with an inventory of the key internal controls and annual assurance about the integrity of the internal controls, including mechanisms that exist to prevent and detect fraud.

**HUMAN RESOURCES**

34. **Human Resources:** That the WCB inventory required competencies for key functions (e.g., benefit entitlement and rehabilitation), conduct an assessment of the skill base of the incumbents, and report the results to the Panel and to the external stakeholders. This assessment should be conducted periodically, perhaps every two or three years.

35. **Human Resources:** That the WCB’s Executive compensation policy be reported in the annual report.

36. **Human Resources:** That the WCB continue its employee surveys and report the findings and proposed actions to the Panel.

37. **Human Resources:** That the diversity of the WCB workforce be reported in the annual report, including any impact the joint committee has on this diversity.