

M91-01 Safety Committee Meeting

Date: October 12, 2006

Location: Best Western 7 Oaks / Birch room, Regina, SK

Present: Harold Garner - Brandt Industries
William Pugh - Morris Industries
Larry Ruten - Schulte Industries
Jack Hardy - CNH – Canada
Keith Brooks - Batco
Noreen Volk - Rem Enterprises
Dan Chrusch - Highline Manufacturing
Bill Glanville - Bourgault Industries
Art Covey - Trailtech
Irene Cruson - Dutch Industries
Ken Kostyniuk - Rite Way Manufacturing
George Marshall - WCB
Allan Basnicki - WCB
Phillip Germain - WCB
Chris Budzich - PIMA-Safety
Morley Wishart - PIMA-Safety
Marty Cobb - PIMA-Safety
Al Roschuk - PIMA-Safety
Ken Ricketts - PIMA-Safety

Note: This report is not verbatim but is complete and inclusive of all significant discussion to the best of the writer's ability. The Minutes should be read in conjunction with the attached materials.

Pre-meeting Agenda

1. Introduction of the PIMA Certificate Program – Chris Budzich
2. Lunch
3. Presentation by William Pugh re OH&S Division visit
4. Presentation by Ken Kostyniuk re Inspections
5. Rate Setting Presentation by George Marshall /Allan Basnicki / Phillip Germain
6. Round Table Discussion
7. Adjournment

(M91-01 Safety Committee Meeting / October / Minutes)

1. Meeting was opened with greetings by Chris Budzich
2. Introductions were made around the table
3. Introduction of the PIMA Certificate Program – Chris Budzich
(See attached / enclosed presentation documents)

Chris explained that WCB is funding and encouraging a Joint Industry Committee (JIC) that is working to establish a cross industry generic certification process/standard. This standard can then be adapted and altered to meet the needs of the individual industry rate code groups. The certification program will compare a firm's H & S Management System to a very high standard. The Audit itself will be to an established standard such as the one being currently developed by the CSA.

PIMA's program will be called the Certificate of Achievement in Safety and Health (CASH). The H & S Management System standard for the M91-01 rate code group will include all the pertinent legal requirements as well as an integration of the various non-mandatory "best practice" safety standards, and, most of the recommendations developed by the JIC.

The audit will be somewhat "tougher" than the current PIMA audit due to the fact that WCB may offer significant incentives beyond lower base rates for firms that achieve the Certificate status. Continuous improvement of a firm's loss ratio could mean year after year rebates of significant proportion.

Developing the program is however a huge amount of work for a relatively small group of persons (PIMA Safety Advisors) and it will curtail the work that we can do for the individual Members. We need direction on whether the Members wish us to continue with the process.

Discussion:

Comment was made that continuous improvement is a "lagging indicator" and as such is a problem. However in view of the lack of an accurate forecasting indicator, past performance must still be used.

The vision at this time is that a "band of approval" based on the average and median lost time ratios will be used. Thus improvement into or under the band will continue incentives while also lowering the industry average.

It was stated that while other industries do not see RTW / Claims Management as part of a safety program, M91-01 believes Safety and Health Management must include return to work and return to health initiatives as key components of a program. Even going so far as to work aggressively with the medical industry to assure proper and timely completion of RTW forms is something that many Members regularly undertake.

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Question:

In answer to a question it was stated that the PIMA Safety Program's mandate is to lower injury rates, and, injury costs for the M91-01 rate code group as a whole. Over the past few years a "priority company" program has been utilized. Companies with less than stellar safety records and particularly those with a large work force have been targeted for assistance. The continued fall in the WCB rates assessed on the Group as a whole indicates that the plan has been working.

The CASH program is the next step in the progression. It will encourage individual Members to aggressively manage their H&S programs. The potential financial incentives are really a bonus.

Questions: How will a bonus/incentive work?
How will it be measured?
Will it have an overall cost?

The potential bonus will be a rebate of the Member's WCB premiums. The standards / benchmark that Member's must achieve to receive the incentive will be established by PIMA with approvals by the WCB. The standard is currently being developed by PIMA's Safety Advisors.

It is anticipated that the incentive funds will come from WCB's larger, general funds rather than only from the M91-01 rate codes' premiums.

Questions: Will we need specialized training?
How will we know if we are close?
How far along is PIMA in the process?

Some firms will require training in a number of aspects, others in very few. Internal auditors and "on-site champions" can be trained in the specifics of the program. These internal auditors can keep a firm on track towards passing the first and subsequent audits.

PIMA is ahead of most of the industry associations on this program. Only construction and heavy construction already have certification programs in place. The WCB is obviously going ahead with the certification program across all industries.

A pre-audit training package will be available. Members will be audited on a first come first served basis. Re-audits will take some time to arrange and complete. Thus, early "buy-in" and action is encouraged for all Members.

Comment was made that although a financial incentive is nice, not every one will pass. However every action towards passing will make the Member's safety management system better and thus have a positive effect.

Lunch Break

Presentation by William Pugh / Morris Industries

Morris Industries (Minnedosa, MB) was visited by a WHS officer who declined to tour / observe the factory floor but felt compelled to “write the company up” none the less. His most obvious target was controlled products and WHMIS legislation.

William, who was relatively new in his position at the time, was somewhat dismayed with all the legalese, etc. in the report and called PIMA for help. Once everything was sorted through, translated and checked it became quite clear that there had been little if any reason for the WHS officer’s actions.

The message that William conveyed quite well was ... don’t be intimidated, don’t be confrontational, don’t panic, call PIMA, and, work the problem out. It likely isn’t as bad as you think.

Presentation by Ken Kostyniuk / Rite Way Manufacturing

Inspections, if you don’t do them regularly, will get to be a problem. Rite Way has found that to keep the inspection process viable and to get real results from them requires dedication.

Inspections must be done in a number of fashions, by many people, and, as often as possible. Rite-Way manages their inspection process by:

- i. performing informal inspections almost constantly by encouraging every worker to look around for items as they walk through the plant;
- ii. by inviting a worker from a different area of the plant to be part of a formal walk through. This “new” person often notices things that the staff in the inspected area have overlooked;
- iii. dividing the plant into manageable portions and even drawing maps that highlight deficiencies.

Rite Way has found the best course is that whenever problems are detected immediate action is a necessity. While serious problems must be addressed soonest, every problem needs attention at the earliest possible moment.

Ken also recommended inviting PIMA in to both train people on the inspection process but also to inspect on occasion. The extra eyes and ears that aren’t acclimatized to the plant have a way of seeing things that are often overlooked.

WCB Rate Setting Presentation by -

Phillip Germain, Allan Basnicki, George Marshall

The Injury Rate for M91 has dropped in three of the last four years from a high of 18% to the current almost 12%. While the drop in our injury rate is commendable, we are still quite high compared to the balance of the workplace which has an overall injury rate of 4%.

The continuing drop in Injury Rate compliments the M91 group's shorter than average claim duration. The Return To Work activities of the various Members have reduced the M91 code's duration of claim to less than 50% of the provincial average.

The RTW program and other initiatives have been keeping the cost of our claims from rising. In fact, even with approximately 10% (total) inflation since 2001, rising medical costs, and, larger payroll figures, our overall (projected) program costs for M91 are only 4.5% higher in 2006 than they were in 2001!!

Next year the Experience Rating Program will be re-implemented. Thus in 2007 for employers;

- a. in the Standard Program (less than \$15,000.00 total premiums over the past three years)
Max. Discount is 25%
Max. Surcharge (5 or more time loss claims) 75% surcharge
- b. in the Advanced Program (over \$15,000 total premiums over the past three years)
Max. Discount is 30%
Max. Surcharge (5 or more time loss claims) 200% surcharge

The base rate for WCB Premiums for the M91 rate code classification in 2007 will be \$ 2.51 per \$100.00 of wages paid. Discounts or surcharges will begin from the \$2.51/\$100.00 point.

Thus in the Standard Program the best performers could be paying as low as \$1.88/\$100 and the worst as high as \$4.40. The Advanced Program's rates will range from a low of \$1.76 to a high of \$7.53/\$100 of payroll expenditure. It is quite evident that better than average safety performers will have a distinct competitive advantage over the worst safety performers.

The WCB will be undertaking a number of initiatives over the next year to improve service. One of the key initiatives is a Health Care Relationship Strategy project headed by Dr. Jim Melenchuck which will target an improvement in the completion of RTW forms as well as other items.

Other WCB projects (see attached) include the previously mentioned Joint Industry Committee / safety certification program, Safe Worker/ Safe Employer promotions, and, off work safety programs. A special program targeting persons prior to them entering the labour force will be rolled out in Pilot Butte on October 19th. You can look for “Growing up in Safety” promotional materials at that time.

Looking forward the WCB has a number of challenges including the desire to achieve 100% funded status by 2012.

Discussions:

The CASH program was discussed at length, particularly the incentives issue. It was generally felt that the CASH program is an excellent next step to total workplace safety but that the potential for direct financial incentives shouldn't be the key issue.

When the difference between being a “bad” performer and a good performer can be as much as 230% of a firm's WCB premiums, a 20% direct rebate is just icing on the cake for the better performers. That said, no one is going to turn down the incentive if they feel that they can pass the audit as soon as possible.

An incentive however is more “black and white”. Perhaps an incentive will be more appreciable by those people who still believe that safe work practices don't really provide the immediate payback investors are demanding.