WORK SAFE. FOR LIFE.
WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

WCB Nova Scotia **Annual Report 2021**

Nova Scotians – safe and secure from workplace injury

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PROGRESS, OPTIMISM, AND OPPORTUNITIES TO COME

As our province began to recover from two years of a global pandemic, long-term progress in Nova Scotia's workplace safety culture continued in 2021.

WCB Nova Scotia continued to make a difference, adapting to challenging work, and also a changing work environment as we transitioned to a mix of remote and in-office work, enabled by stabilizing technology.

Twenty workers died at work, due to injuries on the job, or because of work done in the past. One is too many, and our condolences go to those these tragedies leave behind.

The volume and rate of time-loss injury increased slightly compared to the year before, which was expected as many workplaces returned to normal operations. The overall journey forward in our safety culture continued in the right direction, especially in priority sectors.

Psychological injuries continued to impact operations in 2021, as the more complex nature of these injuries led to longer recovery paths for many workers we serve. A program to address traumatic psychological injury began to see results however, and there were reductions in the total number of days lost to injury, as well as the percentage of claims that last longer than six months.

There were 73 cases of a worker contracting COVID-19 during the course of their work, and missing time from the job.

Financial markets rebounded after COVID-19 impacts, and the funded position increased in 2021, ending the year at 106 per cent. This enables a new conversation about change in Nova Scotia workers' compensation, to benefit the workers it protects, and the employers who fund it.

The WCB Nova Scotia Annual Report 2021 is available at annualreport.wcb.ns.ca.

Cover: As Occupational Health and Safety Manager for Cape Breton Regional Municipality (CBRM), Karen Butterworth works closely with the WCB to ensure their employees who require support for psychological injuries are able to access the services they need, especially through the Traumatic Psychological Injury (TPI) program.

YEAR AT A GLANCE

Year at a Glance (Dollar amounts in millions unless noted)	2021	2020	2019
Number of Covered Employers (Assessed and Self Insured)	20,500	20,200	19,000
Percentage of Labour Force Covered (Assessed and Self Insured)	74	74	73
Number of Claims Registered	21,283	19,944	24,900
Number of Compensable Time-Loss Claims Registered	5,391	4,977	5,663
Composite Duration Index (in days)	175	178	147
Targeted Average Assessment Rate (per $100 of assessable payroll)	$2.65	$2.65	$2.65
Actual Average Assessment Rate	$2.66	$2.68	$2.66
Assessable Payroll (billions)	$12.7	$11.7	$11.7
Assessment Revenue	$342.4	$313.9	$320.0
Investment Income	$210.3	$183.3	$245.5
Administration Costs	$62.6	$60.3	$59.4
Legislated Obligations	$18.5	$16.3	$17.2
Claims Costs Incurred	$233.8	$203.9	$202.8
Comprehensive Income	$84.4	$136.3	$229.6
Assets (billions)	$2.4	$2.2	$2.0
Liabilities (billions)	$2.3	$2.1	$2.1
Funded Ratio	106.4%	102.9%	96.5%
One-year Investment Returns	9.7%	9.4%	13.6%
Injury Rate: Time-Loss Injuries per 100 Covered Workers	1.58	1.53	1.67

MESSAGE FROM THE CHAIR

Toward a safer tomorrow

It has been a sincere pleasure to join the Board of Directors for the Workers' Compensation Board of Nova Scotia and to have the opportunity to work closely with the organization as we strive to continue to improve safety in this province. One death or injury is one too many.

I was deeply touched by the memorial service held for the 26 miners of the Plymouth mine disaster and being present in Their Light Shall Always Shine Memorial Park on May 9, 2022. Placing my hand and praying for each miner sent shivers down my spine, and I promised myself that we would do everything possible so that this kind of tragedy would never happen again. Safety and awareness of such disasters will always be at the forefront of everything we do. We want every worker to return home safe and sound.

Making an impact is essential to me, and I am always looking for an opportunity to make an impact on our province. But I can tell you that, having had the privilege of being part of such initiatives as the One Nova Scotia Coalition, as the chair of the population growth committee, it was great to see our province finally cross the million-population mark. I am excited to begin our journey to grow our region to the two million mark while increasing the province's safety for every member of our population.

As always, I joined the Board with an open mind and a listening ear. I sought to understand, hear perspectives, and strive to do what I could to improve. This organization has done significant work since 1917, and continuing to enhance the quality of service to all of our stakeholders is a top priority under my leadership.

This is what I have learned about WCB Nova Scotia so far.

I joined a robust and well-functioning board, with perspectives gleaned from various stakeholder relationships but always respectfully shared. I found Board members motivated not by a specific agenda or other self-interest, but by the desire to make a difference in the best interests of all whom our system serves. Our Board is also deeply committed to the principles of diversity and inclusion in our organization and in the service we deliver.

I found a talented and hard-working executive team, supported by some 420 workers' compensation professionals, who are motivated on a values level to prevent injury, to support workers and employers during recovery when injury does happen, and to be there over the long term for families when workplace tragedy strikes. The Board of Directors is deeply proud of the work this organization does, as we should be.

Saeed El-Darahali
Chair, Board of Directors
WCB Nova Scotia

Finally, I found a strong working relationship with the government and other leaders within the network of organizations, enabling the system to work. These healthy working relationships are essential, for they are where the conversation starts toward improvement.

As we all know, we can always be better. There is incredible potential for improvement in our system to make the most of how far we have come. I continue to have enriching conversations with many leaders within the system as I gain a thorough understanding of that potential before us, and I will strive to do what I can to move these conversations forward.

After all, it is a new day with a more sustainably funded system and an economy settling back to a version of normal after years of uncertainty and unprecedented impact. The way forward is one of hope, collaboration, and opportunity.

The Board of Directors believes strongly in the value of workers' compensation and its potential to help more Nova Scotians. We think it is time to evolve the system, make our approach to setting rates more proactive and strategic, improve the benefits that workers and their families receive, and chart a course for workers' compensation to play its role in our province. Like so many organizations, we can be part of a tomorrow in Nova Scotia that is more welcoming to all, more inclusive, more equitable to all workers, and more attractive for employers.

It will be a journey that will take time, but it is worth taking. I am pleased to be part of this important journey, and I look forward to where we may go and what we may accomplish together.

Saeed El-Darahali

In 2021, Mr. El-Darahali was appointed to the Order of Nova Scotia and in 2022 was inducted as a Paul Harris Fellow.

Board of Directors

Back Row L-R: Blair Richards, Worker Representative; Duncan Williams, Employer Representative; Robert Patzelt, Deputy Chair; Steve Ashton, Employer Representative; Stuart MacLean, Chief Executive Officer; Angus Bonnyman, Employer Representative; Brad Fraser, Director, Governance and Legal Services

Front Row L-R: Saeed El-Darahali, Chair; Jacquie Bramwell, Worker Representative; Janet Hazelton, Worker Representative; Luc Erjavec, Employer Representative; Rick Clarke, Worker Representative

Remembering Betty Jean Sutherland

We were saddened to learn of the sudden passing of Betty Jean Sutherland in December 2021. Betty Jean was a respected and long-serving member of WCB Nova Scotia's Board of Directors, who played a significant role in Nova Scotia's workers' compensation system. She spent her life advocating for others and was a pillar in the Nova Scotia labour community.

In addition to her tenure as a member of the Board of Directors from 2003 to 2019, she held the role of Acting Chair in 2007, served as a member of the WCB's Corporate Performance Measures Advisory Committee and the Audit and Risk Committee, and as Chair of the Governance and Policy Committee. Prior to joining the WCB Board of Directors, Betty Jean was a member of the Workers' Compensation Review Committee (Dorsey Committee).

Among other advocacy roles, Betty Jean was the first woman to hold the office of President of CUPE Nova Scotia (1999 to 2005), and during this time she served as a Vice-President at Large for the Nova Scotia Federation of Labour, and represented Nova Scotia members as a Regional Vice-President on the CUPE National Executive Board. At the time of her death, Betty Jean was an active municipal councillor for the Town of Westville.

Betty Jean's capacity as an agent for change and her passion to make Nova Scotia a better place was unequivocal. She will be greatly missed by all who knew her.

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Stuart MacLean
CEO, WCB Nova Scotia

Progress, optimism, and opportunities to come

As I reflect on 2021, the first year of our new Strategic Plan, I find myself feeling a true sense of optimism.

A safety culture in our province continues to grow, our economy is recovering, and there is a sense of overall renewal. Like so many workplaces across our province, we are looking ahead, together, toward what's possible.

Our new Chair, Saeed El-Darahali, brings a fresh, inspired energy, and together, we are working with a new Government. Recent changes to expand presumptive coverage for firefighters are an example of the commitment we're seeing for better workplace outcomes. An Office of the Auditor General follow up audit found all recommendations from both their 2018 and 2019 reports have been all but completely implemented. And our increased financial stability creates the space for different conversations about workers' compensation that weren't possible before, such as a strategic approach to rates or expanding coverage to more Nova Scotians.

As CEO, it is my privilege to lead this organization and our people, and to be able to make a lasting impact on the lives of workers and employers across the province. The opportunities before us are significant, especially in creating healthier workplaces overall, including from a psychological health perspective. Driven by an innovative spirit and challenging ourselves and others to think differently, we will approach challenges with a can-do attitude, and in partnership with others.

Like all workplaces, we continue to respond to the needs of those we serve and our own employees. In 2021, we made the important decision to move to a hybrid working model. I have pride and excitement when I think about how WCB employees have embraced new ways of working, and about the opportunities ahead to continue to build a strong diverse and inclusive workplace.

Importantly, last year, we were also able to help more workers impacted by psychological workplace injury. Under new presumptive legislation we continue to see more claims in this area, and it's an area of learning for us. We have introduced specialized services to help workers who experience a traumatic psychological injury, and we're proud to continue our partnership work with the Department of Labour, Skills and Immigration to increase the need for mental health awareness and support for first responders. We also continue to work with Government and stakeholders toward supporting a safety culture in long-term care and home care, as those sectors continue adapting to an entirely new reality.

Compared to 2020, workplace injuries increased slightly in 2021, as workplaces resumed more regular operations. However, they remained significantly below 2019 levels. Overall, the numbers show steady progress over time. And, while we saw less time lost to workplace injury than the year before, getting hurt at work still takes far too great a toll on Nova Scotians, and we all must work together toward better outcomes.

Sometimes the right supports mean being there for a worker and their family over the longer term. And in 2021, as part of our work to resolve claims that have been in temporary earnings replacement benefits for some time, more workers went on to receive long-term benefits than in a typical year.

Finally, we can never forget the lasting impact of workplace tragedy. While fatalities were down slightly in 2021, one fatality is too many. In 2021, 20 Nova Scotians died while at work, or because of work done in the past. Of these, five people died from acute traumatic injuries on the job. There were also 15 fatalities classified as chronic in 2021 – seven related to occupational diseases stemming from past exposures, and eight caused by health-related issues, such as heart attacks, which occurred at the workplace but may or may not have been related to work.

On behalf of WCB Nova Scotia, I extend my sincere condolences to the families and friends of those who died.

We can never lose our drive to make workplaces safer, now and always.

It's why all of us – workers, employers, and so many partners – are motivated to do what we do. And it's why, working together, we are making such progress in workplace safety. And it's why we look forward to the years ahead with such hope, optimism, and will to make a difference.

Stuart MacLean

Executive Team

Back Row L-R: Brad Fraser, Director, Governance and Legal Services; Wendy Griffin, VP, Service Excellence; Shelley Rowan VP, People and Strategy; Maureen Boyd, Chief Financial Officer

Front Row L-R: Dennita Fitzpatrick, VP, Prevention and Return to Work; Marcy Dalton. Associate VP, Strategy and Technology; Stuart MacLean, Chief Executive Officer

In early 2021, the WCB's executive team was restructured. In the new role of Vice President, Prevention and Return to Work, Dennita Fitzpatrick brings a clear leadership focus on creating better outcomes when it comes to return to work, and also continuing the progress made in prevention.

The team also includes a new role of Associate Vice President, Strategy and Technology. In this position, Marcy Dalton supports the implementation of the WCB's innovation framework, as the organization embraces a new strategic future powered by new operating systems.

In other portfolio reorganizations, Wendy Griffin was named Vice President, Service Excellence, and Shelley Rowan became Vice President, People and Strategy. Rounding out the executive team are Maureen Boyd, Chief Financial Officer, and Brad Fraser, Director, Governance and Legal Services.

MESSAGE FROM THE CLIENT RELATIONS OFFICER

I assumed the role of WCB Client Relations Officer in August of 2021, following the retirement of my predecessor, Tim McInnis. Since that time, I have connected with many Nova Scotians, and I have appreciated the responsiveness and support with which I have been welcomed to my new role.

As Client Relations Officer, I respond to questions and concerns, investigate and document complaints, and help to resolve issues, working closely with the WCB's service delivery team. I report my findings to the Board of Directors regularly, and I engage with service delivery managers to enable them to take action.

In 2021, the pandemic continued to have a significant impact on all working Nova Scotians. During the year, the CRO's Office received and responded to 454 inquiries. Among those, 88 complaints were followed up and documented, related primarily to timeliness, communication, and appeal issues. Upon review, I found 44 of these complaints to be substantiated. While the total number of inquiries received was lower than previous years, the number of complaints is generally consistent with those documented in previous years.

Throughout the fall, I had the opportunity for an initial visit to several MLA offices across the province to meet the dedicated people who serve constituents and help them access needed services. I look forward to visiting and connecting with all of our provincial MLAs in the months to come, and to serving as an effective link between them and the WCB, in a manner that supports their efforts on behalf of the people we both serve.

Deanna Harnish
Client Relations Officer
WCB Nova Scotia

As my first full year as Client Relations Officer draws to a close, and as pandemic risk and restrictions continue to abate, I look forward to meeting and working with the many dedicated people across the workplace safety and insurance system and in Government who strive first and foremost to prevent workplace injuries, and to support successful, safe and timely return to work.

Deanna Harnish

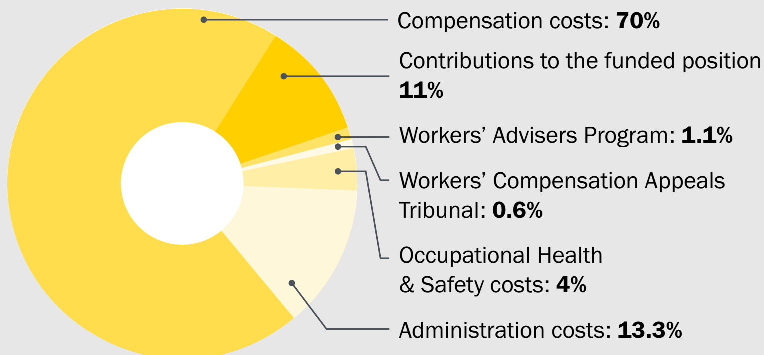
FINANCIAL RESULTS SUMMARY

For detailed financial results please see Management Discussion and Analysis and Financial Statements.

Our financial position strengthened in 2021. Despite lingering impacts of the COVID-19 pandemic, our funded percentage increased to 106.4 per cent, up from the 2020 result of 102.9 per cent. The 2021 Financial Results reflect our work of continuing to build a strong, stable, and sustainable system that will serve workers and employers today and in the years to come. Our overall funding strategy and a well-diversified portfolio are designed to help us balance returns and risks.

Our Costs

WCB Nova Scotia assessment revenue funds the entire workers' compensation system, including the Workers' Advisers Program (WAP), the Workers' Compensation Appeals Tribunal (WCAT), the Occupational Health and Safety Division of the Nova Scotia Department of Labour, Skills and Immigration (LSI), the Office of the Employer Advisor (OEA) and the Office of the Worker Counsellor (OWC).



Breakdown of the 2021 Actual Assessment Dollar

81% of every assessment dollar goes to pay for claims-related costs.

Assessable Payroll

Assessable payroll for covered employers in Nova Scotia grew more than expected in 2021 to $12.7 billion, due to economic recovery from the pandemic. There was also a slight increase in the rate of workplace injuries compared to 2020, as employers returned to normal operations, and workers returned to the workforce.

Assessment Revenue

Assessment revenue increased by 9.1 per cent in 2021 to $342.4 million. Revenue, along with the investment returns, continued to allow WCB Nova Scotia to keep pace with rising costs within the system, while maintaining stability, increasing the funded position.

Investment Income

In 2021, we saw positive investment returns, resulting in income of **$210.3 million**, an increase over 2020 income of **$183.3 million**, contributing to a strengthened funded position. Despite a volatile market, investments performed well in 2021, and equity markets rallied in December as concerns about the economic impacts from the pandemic began to recede. Investment market variability could have a significant impact on the funded ratio in 2022. Should that occur, as per past adverse market conditions, the portfolio is well positioned for recovery given the diversification of the fund.

Claim Payments

Claim payments increased in 2021, as we continued to adapt to the changing realities of workplace injury and support workers and employers who experience its impact. Total claim payments for 2021 were **$262.1 million**. The number and cost of new extended earnings benefits was higher than expected.

Assets and Liabilities

Assets for 2021 were **$2.43 billion**, and liabilities were **$2.29 billion**. Assets grew in 2021, which increased our funded percentage to **106.4 per cent** by the end of the year (up from 102.9 in 2020). Despite declines in investment markets early in the pandemic, markets rebounded, as did the WCB investment portfolio.

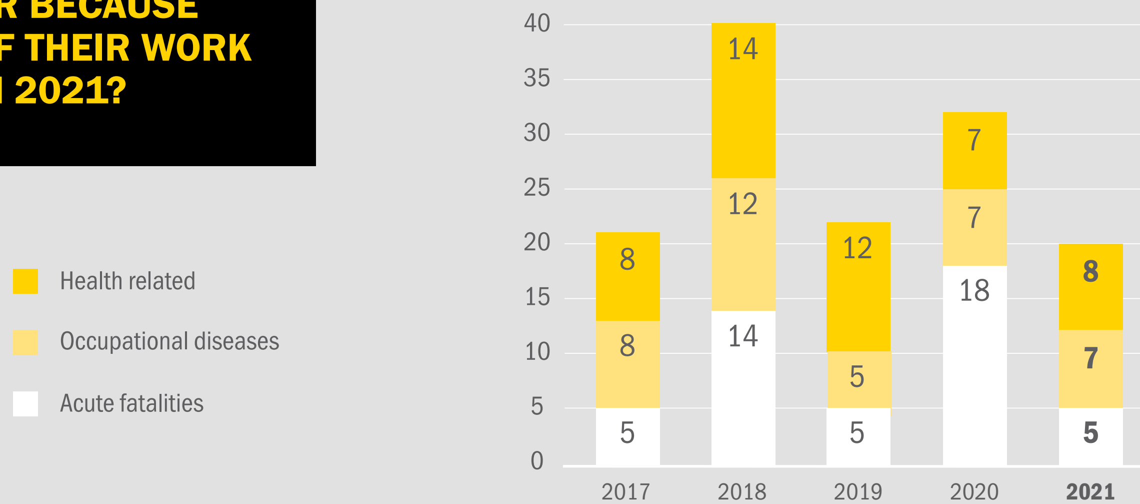
As markets remain volatile, further changes are expected. This will be true in particular in 2023 with the implementation of IFRS-17, which will record the benefits liabilities to a market rate, creating volatility as markets fluctuate on a short-term basis.

Our diversified investment portfolio and funding strategies will guide us over the long term. Stability occurs over the long term, and short-term market fluctuations are expected.

STATISTICAL SUMMARY

HOW MANY NOVA SCOTIANS DIED AT WORK OR BECAUSE OF THEIR WORK IN 2021?

ANNUAL TOTAL	2017	2018	2019	2020	**2021**
	21	40	22	32	**20**



HOW MANY WORKING DAYS WERE LOST TO WORKPLACE INJURY IN 2021?

2021

1,078,534

That's **2,955** person-years of work. Equivalent to the entire town of Port Hawkesbury, off work for an entire year.

2020

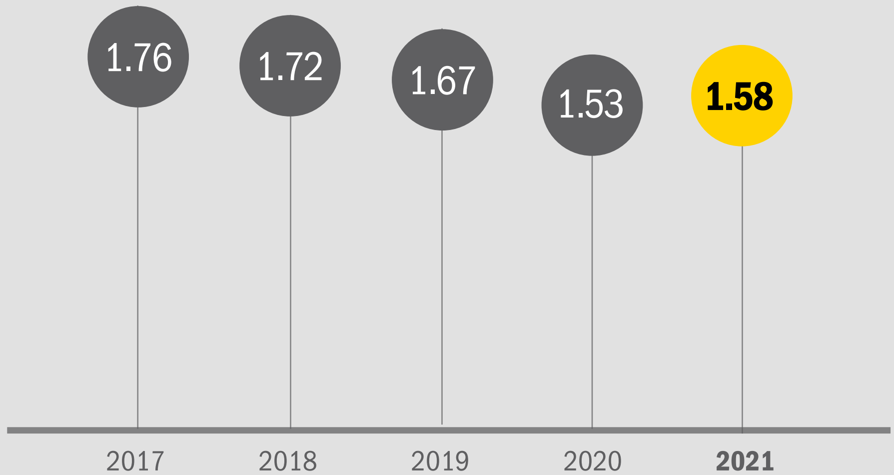
1,142,825

STATISTICAL SUMMARY

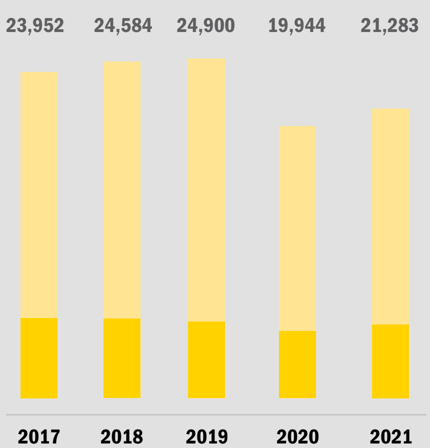
WHAT WAS THE INJURY RATE?

1.58

Time-loss injuries per 100 covered workers



STATUS OF NEW CLAIMS



	2017	2018	2019	2020	2021
Compensable Time Loss	5,906	5,819	5,663	4,977	5,391
Other:					
No Compensable Time Loss	12,972	13,963	13,507	10,445	11,026
Not Pursued or Disallowed	5,074	4,802	5,730	4,522	4,866
Other Subtotal	18,046	18,765	19,237	14,967	15,892
Total	23,952	24,584	24,900	19,944	21,283
Fatalities[1]	21	40	22	32	20
Clients with Registered Claims[2]	21,841	22,490	22,844	18,277	19,483

[1] Fatalities include all workplace injuries that resulted in the death of a worker as reported by the OH&S Division of the NS Department of Labour, Skills and Immigration.

[2] Claims represented are those with accident dates during the report year. Time-loss claims are defined as those claims with accident dates in the report year which received a time-loss benefit during the report year, or within two months of the report year.

Some WCB clients may have more than one injury/claim in a year, therefore, the number of clients with claims registered does not equal the number of claims registered.

INJURY STATISTICS

INJURY RATE AND CLAIM VOLUMES BY INDUSTRY 2021

	Excluding Self-Insured Claims								Including Self-Insured Claims			
	Assessable Payroll ($ millions)	% of Total Assessable Payroll	Number of Claims Registered	% of Claims Registered	Number of Time-loss Claims	% of Time-loss Claims	Injury Rate	Injury Rate Last Year 2020	Number of Claims Registered	% of Claims Registered	Number of Time-loss Claims	% of Time-loss Claims
Health/Social Services	$2,510.4	19.8%	5,139	25.8%	1,694	34.1%	2.95	2.81	5,139	24.1%	1,694	31.4%
Retail Trade	1,565.7	12.3%	2,104	10.6%	464	9.4%	1.00	0.96	2,185	10.3%	478	8.9%
Manufacturing	1,541.1	12.1%	2,863	14.4%	585	11.8%	1.68	1.56	2,863	13.5%	585	10.9%
Construction	1,442.5	11.4%	2,054	10.3%	457	9.2%	1.52	1.76	2,054	9.7%	457	8.5%
Wholesale Trade	1,070.2	8.4%	1,403	7.0%	251	5.1%	1.01	1.00	1,403	6.6%	251	4.7%
Business Services	688.5	5.4%	275	1.4%	67	1.4%	0.34	0.39	275	1.3%	67	1.2%
Accommodation/Food/Beverages	673.2	5.3%	915	4.6%	246	5.0%	0.96	0.85	915	4.3%	246	4.6%
Transportation/Storage	599.6	4.7%	776	3.9%	264	5.3%	2.25	2.05	781	3.7%	265	4.9%
Government Services	540.6	4.3%	620	3.1%	208	4.2%	2.13	1.71	1,709	8.0%	556	10.3%
Communication/Utilities	480.9	3.8%	601	3.0%	138	2.8%	1.28	1.02	788	3.7%	203	3.8%
Other Services	414.7	3.3%	483	2.4%	146	2.9%	1.26	0.93	483	2.3%	146	2.7%
Educational Services	402.0	3.2%	693	3.5%	225	4.5%	2.01	1.58	695	3.3%	225	4.2%
Fishing/Trapping	348.9	2.7%	256	1.3%	89	1.8%	1.44	1.73	256	1.2%	89	1.7%
Real Estate/Insurance Agents	154.4	1.2%	122	0.6%	42	0.8%	1.03	1.01	122	0.6%	42	0.8%
Agriculture/Related Services	94.4	0.7%	175	0.9%	56	1.1%	2.10	1.68	175	0.8%	56	1.0%
Mining/Quarries/Oil Wells	74.9	0.6%	66	0.3%	10	0.2%	0.78	1.11	83	0.4%	12	0.2%
Logging/Forestry	51.0	0.4%	72	0.4%	16	0.3%	1.32	1.49	72	0.3%	16	0.3%
Finance/Insurance	40.0	0.3%	7	0.0%	2	0.0%	0.25	0.00	7	0.0%	2	0.0%
Unknown	0.0	0.0%	1,278	6.4%	1	0.0%	0.00	0.00	1,278	6.0%	1	0.0%
Total	$12,693.1	100.0%	19,902	100.0%	4,961	100.0%			21,283	100.0%	5,391	100.0%

CLAIMS REGISTERED BY FIRM

Number of Claims Registered	Number of Firms	Cumulative % of Total Number of Firms	Number of New Claims Registered	Cumulative % of Total New Claims Registered	Assessable Payroll ($ millions)	Cumulative % of Total Assessable Payroll
200 or more	15	0.07%	7,769	36.50%	2,465.9	19.4%
100 or more	23	0.11%	8,840	41.54%	2,882.9	22.7%
50 or more	44	0.21%	10,219	48.01%	3,457.2	27.2%
25 or more	101	0.49%	12,161	57.14%	4,222.6	33.3%
10 or more	275	1.34%	14,708	69.11%	5,322.2	41.9%
5 or more	593	2.89%	16,767	78.78%	6,420.6	50.6%

INJURY STATISTICS

Statistics are based on compensable time-loss claims

AGE AT INJURY DATE

	2020	%	2021	%
Less than 20	107	2.1%	124	2.3%
20 to 24	412	8.3%	478	8.9%
25 to 29	545	11.0%	547	10.1%
30 to 34	486	9.8%	563	10.4%
35 to 39	494	9.9%	524	9.7%
40 to 44	506	10.2%	546	10.1%
45 to 49	567	11.4%	619	11.5%
50 to 54	649	13.0%	659	12.2%
55 to 59	636	12.8%	689	12.8%
60 to 64	434	8.7%	467	8.7%
65 or older	141	2.8%	175	3.2%
Total	4,977	100.0%	5,391	100.0%

SOURCE OF INJURY

	2020	%	2021	%
Persons, Plants, Animals, and Minerals	2,001	40.2%	2,273	42.2%
Structures and Surfaces	802	16.1%	931	17.3%
Containers	431	8.7%	478	8.9%
Vehicles	316	6.3%	352	6.5%
Tools, Instruments, and Equipment	275	5.5%	346	6.4%
Parts and Materials	279	5.6%	333	6.2%
Other Sources	528	10.6%	258	4.8%
Machinery	176	3.5%	226	4.2%
Furniture and Fixtures	144	2.9%	162	3.0%
Chemicals and Chemical Products	25	0.5%	32	0.6%
Total	4,977	100.0%	5,391	100.0%

PART OF BODY

	2020	%	2021	%
Back, including spine, spinal cord	1,334	26.8%	1,347	25.0%
Leg(s)	455	9.1%	549	10.2%
All Other	487	9.8%	543	10.1%
Shoulder, including clavicle, scapula	541	10.9%	486	9.0%
Multiple body parts	328	6.6%	456	8.5%
Cranial region, including skull	244	4.9%	306	5.7%
Finger(s), fingernail(s)	254	5.1%	283	5.2%
Ankle(s)	254	5.1%	250	4.6%
Body systems	210	4.2%	249	4.6%
Arm(s)	211	4.2%	220	4.1%
Wrist(s)	195	3.9%	204	3.8%
Hand(s), except finger(s)	132	2.7%	156	2.9%
Foot(feet), except toe(s)	117	2.4%	136	2.5%
Pelvic region	106	2.1%	105	1.9%
Chest, including ribs, internal organs	109	2.2%	101	1.9%
Total	4,977	100.0%	5,391	100.0%

NATURE OF INJURY

	2020	%	2021	%
Sprains,Strains	3,150	63.3%	3,462	64.2%
Fractures, Dislocations	474	9.5%	430	8.0%
All Other	356	7.2%	362	6.7%
Contusion, Crushing, Bruise	260	5.2%	337	6.3%
Concussions, Intracranial Injuries	257	5.2%	300	5.6%
Cut, Laceration, Puncture	215	4.3%	266	4.9%
Inflamed Joint, Tendon, Muscle	79	1.6%	83	1.5%
Other traumatic injuries and disorders	101	2.0%	54	1.0%
Burns	44	0.9%	52	1.0%
Digestive system diseases and disorders	41	0.8%	45	0.8%
Total	4,977	100.0%	5,391	100.0%

INJURY EVENT

	2020	%	2021	%
Bodily Reaction and Exertion	2,514	50.5%	2,826	52.4%
Falls	761	15.3%	907	16.8%
Contact With Objects and Equipment	745	15.0%	860	16.0%
Exposure to Harmful Substances or Environments	256	5.1%	279	5.2%
Assaults, Violent Acts and Harrassment	243	4.9%	234	4.3%
Transportation Accidents	167	3.4%	201	3.7%
Other Events or Exposures	285	5.7%	78	1.4%
Fires and Explosions	6	0.1%	6	0.1%
Total	4,977	100.0%	5,391	100.0%

MEASURING OUR PERFORMANCE

BALANCED SCORECARD MEASURES

At WCB Nova Scotia, all that we do is driven by our goal to reduce the impact of workplace injury in our province.

We do so by supporting employers and workers in injury prevention and return to work. We are also there to support workers and their families through the long-term, and sometimes tragic, impact of serious workplace injury and fatalities.

The impact of workplace injury and tragedy is both human, and financial. Likewise, the way we measure and track our performance includes a mix of both financial and non-financial measures. All of them are important, as we measure our progress toward the fulfilment of our long-term vision, and the extent to which we're delivering on our mission, and achieving our goals.

Our performance measures help us drive change, enhance our business operations, and identify challenges and opportunities so we can better meet the needs of the Nova Scotians we serve.

Performance Measure	Result 2020	Result 2021	Target 2022	Target 2023
Service				
Worker Satisfaction Index [1]	72%	74%	70%	70%
Employer Satisfaction Index	81%	79%	70%	70%
Operations				
Time-Loss Injuries per 100 Covered Workers: All Industries	1.53	1.58	1.58	1.47 – 1.58
Time-Loss Injuries per 100 Covered Workers: Long-Term Care	4.60	4.85	4.85	4.62 – 4.85
Time-Loss Injuries per 100 Covered Workers: Home Care	7.72	7.43	7.43	7.07 – 7.43
% Return to Work within 180 days: All Industries	78.0%	80.2%	81.8%	83.5% – 83.9%
% Return to Work within 180 days: Long-Term Care and Home Care	83.2%	85.3%	85.3%	85.3% – 88.7%
Time-Loss Days Paid per 100 Covered Employees	353	317	296	257 – 296
Composite Duration Index (in days)	178	175	165	149 – 165
Return to Employability	93.3%	89.8%	93.0%	94.1% – 92.2%
Cost of New EERBs ($M)	$72.6	$144.4	$120.4	$101.5 – $132.4
Employee				
WCB Employee Satisfaction Index	68%	72%	70%	70%
Financial				
Claims Payments for the past 3 years per $100 of Assessable Payroll	$0.723	$0.785	$0.747	$0.672 – $0.747
Administration costs per $100 of assessable payroll (excluding prevention costs)	$0.43	$0.42	$0.42	$0.44
Return on Investment Five-Year Rate of Return	7.7%	8.3%	EXCEED BENCHMARK PORTFOLIO RETURN	
Five-Year Benchmark Portfolio Return	7.9%	8.2%		

[1] The Worker Satisfaction Index does not include workers on long-term benefits or those with claims with little or no time loss.

OUR STORIES: WHEN THE HELPERS ASK FOR HELP

WCB Case Manager Justin Sperdakes (left) works closely with CBRM Occupational Health and Safety Manager Karen Butterworth (right) to ensure CBRM employees can get the support they need when they are injured at work.

ON MORE THAN ONE OCCASION, people have come to Karen Butterworth to tell her something they had never shared with anyone else: They need help.

As Occupational Health and Safety Manager for the Cape Breton Regional Municipality (CBRM), part of Karen's role is to help employees who are hurt on the job access the support they need to recover and return to work. These days, more and more of those injuries are psychological in nature.

Karen says this is especially the case for first responders. At any given time, police officers, firefighters, or 911 operators could be one call away from having their lives changed.

"These are the people who help us on the worst days of our lives, and we need to help them get through theirs," says Karen.

In 2021, 150 Nova Scotians lost time from work due to psychological injury – 94 of them were first responders.

Recently, Karen has been working closely with WCB Nova Scotia to help CBRM employees injured at work access mental health treatment through the organization's new Traumatic Psychological Injury (TPI) program.

Launched in June 2021, the program offers support for workers who are recovering from psychological injuries, or psychological factors that make recovering from physical injuries more complex. It provides a streamlined, accessible, and effective approach to diagnosing, treating, and supporting workers who have experienced workplace psychological trauma.

Karen says the program has given her employees access to the individualized, care-based approach they need to help them stay at work through their recovery, or return to work when they are ready.

"How we respond to these events is key," Karen says "There isn't a one-size-fits-all approach to treating trauma."

WCB Case Manager Justin Sperdakes works closely with Karen to ensure CBRM employees can get the support they need. With the TPI program in his tool belt, he has helped them and other workers access the services they need to recover from psychological injuries that may have otherwise put them off work for life.

"We know getting workers back to their regular routines or a sense of normalcy helps improve their long-term health outcomes," he says. "The TPI program is allowing us to do everything we can, as soon as we can."

In addition to helping workers access support, Justin and Karen also collaborate to help CBRM to keep its employees connected to work through their recovery.

"The counsellors and therapists who are part of the TPI program are skilled at identifying restrictions and limitations, but importantly, they are also skilled at helping workers focus on what they can do," says Justin.

While the ultimate goal is to help them get back to their pre-injury duties, at times, supporting these workers means helping them find transitional duties or other meaningful work opportunities within the organization.

Karen says supporting these workers has taught her that a successful recovery from psychological injury cannot be measured in the same way for everyone.

"For us, success could mean helping our employees return to some normalcy, get back to the activities they once loved, or helping them rebuild their relationships," says Karen. "We've been able to offer them stability, and that's what they're looking for. We're proud of that."

Psychological health and safety continues to be a priority for CBRM. The Municipality recently took the additional step of hiring an on-staff wellness coordinator to support employees' mental health. Part of their goal is to ensure employees have the tools they need before they get the call that could change their lives.

"We can't always prevent these injuries, but we can make sure our workers have the resilience and the coping skills they need to help them get through difficult times."

OUR STORIES: WHEN THE HELPERS ASK FOR HELP

STRATEGIC SNAPSHOT: RETURN TO WORK

OUR PROGRESS

- Restructured the WCB executive leadership team, adding a new Vice President of Prevention and Return to Work position, to allow for a clear leadership focus on improving return-to-work outcomes and reducing claim durations.
- Created new digital-first tools and resources for employers, workers, and service providers under our Working to Well program to help reduce the human and economic toll of workplace injury in our province.
- Hosted our first-ever webinar for employers on how to build an effective return-to-work program, with nearly 150 participants from a wide range of industries in attendance.
- Trialed a new position for six months to understand how applying focused return-to-work planning earlier in a claim may impact return to work with positive results.

OUR PLANS

- Continue to work with employers to improve the availability of transitional duties, which were impacted during the pandemic.
- Develop new contracts with some of our valued health services providers, with a view to improve return-to-work programs through opportunities such as remote health care services.
- Continue to assess and develop the Traumatic Psychological Injury program to ensure we are supporting workers and their employers through recovery from psychological injury.
- Using an innovative framework, work in partnership with Construction Safety Nova Scotia and representatives from industry to explore and test new ideas to enable return to work in small-business construction.
- Explore innovative ways to facilitate timely and effective return to work in long-term care and home care, as well as small and medium-sized workplaces.
- Explore online training for tiered service providers and WCB teams as part of work to strengthen collaboration and understanding of best-in-class approaches to return to work.
- Continue to support the learning and development of case workers in the work they do to support workers with safe and timely return to work, and, where appropriate, staying at work through recovery.

OUR STORIES: ADAPTING TO MAKE SAFETY SUSTAINABLE

WCB Nova Scotia members of the Safe Handling and Mobility Sustainability Committee include (L-R) Chris Spinney, Workplace Consultant; Marlene Grace, Relationship Manager; Paul Donovan, Workplace Consultant; and Shawn Budden, Ergonomist. Missing from photo are Tanya Newell, WCB Nova Scotia Workplace Consultant and Heather Matthews, AWARE-NS Occupational Health and Safety Manager.

IN A TYPICAL YEAR, the members of WCB Nova Scotia's Practice Leadership and Large Workplaces teams spend most of their time on the road visiting workplaces, helping them improve their safety outcomes with the ability to do one very important thing: Adapt. As the COVID-19 pandemic drew on through 2021, the team found themselves having to do the very same thing.

This was especially true for the members of the Safe Handling and Mobility (SHM) Sustainability Committee, a group formed with AWARE-NS to help support the work of the Workplace Safety Action Plan. Established in 2019, the committee was tasked to develop the framework and programming that would help health and social services organizations make safe handling and mobility best practices part of their daily operations.

"Training is easy – implementing the training is hard," says Chris Spinney, SHM Committee member and WCB Workplace Consultant. "Our role as a sustainability committee is to bridge the gap between the two."

When COVID-19 restrictions made it more difficult to visit workplaces in person, the committee decided to use the travel time they saved to combine their expertise and "flip the script" on how they develop training materials for employers.

The committee set a goal to broaden its impact by moving from working with individual employers to develop customized content, to developing content employers could customize.

"We've had it on our radar for a long time that organizations needed better tools to support them after they receive training that would help them keep the momentum going," says Chris. "Having to change the way we work gave us the time to consider how we could help them change the way they work."

Ensuring employers in the health and social services sectors are supported to improve their safety processes will remain a priority for the WCB for the foreseeable future, as the sectors continue to face significant safety challenges.

In 2021, 1,694 workers in these sectors lost time from work due to their injuries, accounting for 34 per cent of all time-loss claims with the WCB. About 80 per cent of injuries were sprains and strains, and about half occurred during client transfer or reposition.

Developing and refreshing materials

Knowing there was an immediate need to help employers improve their procedures, the committee focused on finding "quick-win" approaches employers could understand and use, as well as materials that would set them up for long-term success.

Informed by the employers they support, in 2021, the SHM Sustainability Committee:

- Reworked a master document on SHM best practices to make it more accessible.
- Developed an incident follow-up tool that determines the root cause of an injury and the steps that need to be taken to prevent it from happening again.
- Developed a current state assessment tool, to show organizations what they currently have in place and what they still need.
- Developed a supervisory audit tool that helps supervisors ensure they are aware of their responsibilities.
- Developed a sustainability tracking tool to monitor progress and improvements.
- Developed a safety huddle guide, filled with easy ways for employers to ask open-ended questions and facilitate safety discussions.
- Scripted and produced three videos demonstrating proper safe handling techniques.

ADAPTING TO MAKE SAFETY SUSTAINABLE

Putting the materials to use

The committee members hope the materials will help supplement the training and equipment that are essential to ensuring workplaces are able to make safety sustainable.

"You can train, but training only takes you so far," says Marlene Grace, WCB Relationship Manager and member of the committee. "Our goal is to ensure employers have the tools and information they need to make these best practices part of their daily operations."

And if there is one thing they have learned through the process, it's that one size does not fit all when it comes to safety or their approaches.

"We have to be flexible," says Chris. "We have to be open to taking completely different approaches to help each organization. We need to support these employers in a way that meets their needs and allows them to own the process."

STRATEGIC SNAPSHOT: INJURY PREVENTION

OUR PROGRESS

- Challenged workplaces to apply the same commitment they demonstrated to work safely through the pandemic to prevent all types of workplace injuries with a new prevention campaign.
- Hosted a webinar on preventing sprain and strain injuries in the workplace in October for Ergonomics Month, with more than 200 employers in attendance.
- Partnered with the Nova Scotia Health and Safety Leadership Charter to bring together more than 150 leaders from across the province for a special safety-focused webinar featuring Charlie Morecraft, an internationally renowned workplace safety speaker.
- Worked with our partners in the Safety Branch of the Department of Labour, Skills and Immigration to encourage Nova Scotians to call 1-800-9LABOUR for information on workplace safety or to report safety concerns.
- Continued to work with stakeholders and employers toward better outcomes in workplaces, especially in long-term care and home care.

OUR PLANS

- Continue to support the ongoing implementation of the Workplace Safety Action Plan for Nova Scotia's home care, long-term care and disability support sectors, working in close partnership with our colleagues in Government and the workers and employers in these sectors.
- Leverage new technologies for refreshed outreach and social marketing approaches, including expanding our e-marketing efforts to deliver targeted and timely messages.
- Continue to build outreach and awareness through new channels, like the *WorkShift* podcast.
- Work with partners to better support workplaces in psychological health and safety.
- Continue to facilitate and fund the work of the first responders steering committee, including updates to FirstRespondersMentalHealthNS.com as well as planning and funding support for a mental health conference in September 2022 in Halifax.

OUR STORIES:

A FOCUS ON DIVERSITY AND INCLUSION, AS WE ADAPT TO A HYBRID WORK MODEL

Madison Joe is pictured in the custom reusable mask he helped to design and promote.

WHEN IT CAME TIME for WCB Nova Scotia to set its strategic priorities for 2021-23, the world was enduring a period of profound change from the impacts of the COVID-19 pandemic, social upheaval in response to racial injustice, and broader conversations about the role work plays in our lives.

Recognizing the call to action and knowing things were never going back to the way they were, the WCB set a refreshed and intentioned goal to support its employees' success in a world and province that would never be the same.

In 2021, we made significant progress in these areas, as we began to look critically at how we live our diversity and inclusion values, and how the way we deliver service could evolve to keep pace with the modern workplace.

Viewing WCB through the diversity and inclusion lens

In 2021, the WCB took a significant step in its journey to ensure our workforce and services are reflective of the communities we serve by creating the Diversity and Inclusion Advisory Panel.

The group is comprised of 11 WCB employees from diverse backgrounds and teams across the organization. Together, they will represent their colleagues and help shape diversity and inclusion initiatives at the WCB.

"We've worked hard at WCB to build a respectful and supportive workplace, but in order to truly live our values, we know we need to ensure we create a workplace that is also diverse and inclusive," says CEO Stuart MacLean, "This new advisory panel is just one of the steps we're taking as part of this important work."

Shauna MacKay, Manager of Change and Organizational Development, says the group is meant to be a two-way conduit that will be consulted on a range of projects from a diversity and inclusion lens, and will also bring concerns to the table.

For example, an early piece of work for the panel was to provide input on the WCB's policy on employee charitable giving to ensure the organizations we support represent our employees' values.

Custom mask consultation

In early 2021, as a province worked safely through COVID, WCB Nova Scotia – like many employers – planned for how to keep our people safe while working together again.

With a mindset of diversity and inclusion, WCB employees were asked to suggest causes and issues they might be proud to wear, should they choose, on custom-created masks.

The responses were quick, from across the organization. Our people chose causes of mental health, support for the LGBTQ2S+ community, African Nova Scotians, and Nova Scotia – Stronger Together, and support of Indigenous Peoples in Nova Scotia.

Wanting to get the representation right for the mask dedicated to support of our Indigenous Peoples, the organization reached out to Madison Joe.

Besides being married to WCB adjudicator, Sylvia Beliveau, Madison is a member of the Nova Scotia Barristers' Society Truth and Reconciliation Working Group (TRCWG) and he is legal counsel for Mi'kmaw Family & Children's Services of Nova Scotia. Madison is also the grandson of Rita Joe, PC, CM, award-winning Mi'kmaq poet of the Eskasoni First Nation.

As a result, our employees were engaged more effectively, and information was shared more accurately, under Madison's counsel. It also resulted in a great mask that people are proud to wear.

WCB introduces new flexible working model

Throughout the COVID-19 pandemic, the shift to working from home was one way some workplaces responded to keep employees and the community safe. However, what started out of necessity quickly became a common mode of practice and preferred way of working for many workplaces and employees in Nova Scotia and around the world, WCB Nova Scotia employees being no exception.

"After months of having to work remotely out of necessity, the option to continue became very clear from our employees," says

OUR STORIES:
A FOCUS ON DIVERSITY AND INCLUSION, AS WE ADAPT TO A HYBRID WORK MODEL

Shelley Rowan, VP, People and Strategy. “The pandemic showed us we can work differently while continuing to deliver service to workers and employers across the province, while ultimately continuing to decrease the impact of workplace injury.”

Throughout 2021, a project team comprised of leaders and team members from various departments worked collaboratively to develop the organization’s new FlexWorkplace model that allows employees to work some time from home and some time in the office. It was officially put in place in spring 2022.

“Our new model will allow us to handle work that can be done remotely at home, but also to maximize the collaboration and connection when we work together in the office, which remains very important,” says Shelley. “This shift has been possible thanks to leaders and teams across the organization, and we’re excited to learn from experience and adapt as we go.”

This work involved releasing commercial rental property at our former Fenwick Street location and accommodating all of our Halifax-based employees under one roof in our South Street office.

Our new core systems upgrade from 2019 allowed us to provide service seamlessly to those we serve while working remotely or in the office.

STRATEGIC SNAPSHOT: OUR PEOPLE AND OUR SERVICE

OUR PROGRESS

- Entered into a partnership with the Canadian Centre for Diversity & Inclusion (CCDI), providing our employees with access to an expansive inventory of materials and resources to advance our diversity and inclusion commitment.
- Continued to build our leadership competencies by providing learning and development on topics like diversity, inclusion and equity, unconscious bias, and gender pronouns at each of our regular leadership meetings.
- Introduced a virtual option for straightforward permanent medical impairment assessments, giving Nova Scotians the opportunity to see a doctor securely and privately from the comfort of their homes.
- Laid the foundation to offer in-person service by appointment as COVID-19 restrictions eased, focusing first on virtual service and meeting options, and coordinating office visits as required.
- Decommissioned our second office location in Halifax and strengthened our information technology and online security requirements and capabilities, as we shifted to a hybrid model, ensuring all of our employees working on-site can easily collaborate under one roof.

OUR PLANS

- Continue to enhance and evolve our operating systems, online services and data to improve our service and outcomes, including upgrading the software version of Guidewire.
- Create a new full-time position to support diversity and inclusion within the organization, and evolve our service and the way we deliver it, in ways that are informed by a diversity and inclusion mindset, with input and advice from the community we serve.
- Foster a culture of innovation by leveraging technology and innovative thinking to bring forward ideas from the collective knowledge of our leaders and our people. Over time, we will also work to leverage the collective experience, ideas and input of those we serve and our partners.
- Continue to support strong, vibrant safety associations in various sectors, owing to their proven value as part of a long-term prevention approach.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Workers' Compensation Board (WCB) of Nova Scotia are prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting principles consistent with International Financial Reporting Standards.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and assets are properly safeguarded. Internal audit service providers perform periodic audits designed to test the adequacy and consistency of the WCB's internal controls.

The WCB's Board of Directors has approved the financial statements included in this annual report. The Board of Directors is assisted in its responsibilities by the Finance, Audit and Risk Committee. This committee reviews and recommends approval of the financial statements and meets periodically with management, the independent actuaries, and the internal and external auditors concerning internal controls and all other matters relating to financial reporting.

The firm of Eckler Partners Ltd. has been appointed as independent consulting actuaries to the WCB. Their role is to complete an independent annual actuarial valuation of the benefits liabilities included in the financial statements of the WCB and to report thereon in accordance with accepted actuarial principles.

Grant Thornton LLP, the external auditors of the WCB, has performed an independent audit of the financial statements of the WCB in accordance with auditing standards generally accepted in Canada. The Auditors' Report outlines the scope of this independent audit and the opinion expressed.

Stuart MacLean
Chief Executive Officer

Maureen Boyd, CPA, CA
Chief Financial Officer

As an integral part of the annual report, the Management Discussion and Analysis (MD&A) provides further insight into the operations and financial position of the Workers' Compensation Board of Nova Scotia (WCB). The discussion and analysis should be read in conjunction with the audited financial statements and supporting notes. This MD&A and the accompanying financial statements reflect amounts based on the facts and circumstances at the reporting date.

FORWARD-LOOKING INFORMATION

This report contains forward-looking information and actual results may differ materially. Forward-looking information is subject to many risks and uncertainties as this information may contain significant assumptions about the future. Forward-looking information includes, but is not limited to, WCB strategies, targets, outlook and funding strategy.

Risk and uncertainties about future assumptions include, but are not limited to, the changing financial markets, industry mix related to the covered workforce in Nova Scotia, the economy, legislation, accounting standards, appeals and court decisions, and other risks which are known or unknown. We caution the reader about placing reliance on forward-looking information contained herein.

STATEMENT OF Financial Position

The WCB's financial position strengthened in 2021, with the Accident Fund increasing to 106.4 per cent funded. Our 2021 financial results were better than expected. Our plan had anticipated the funded percentage to remain similar to the 2020 result of 102.9 per cent.

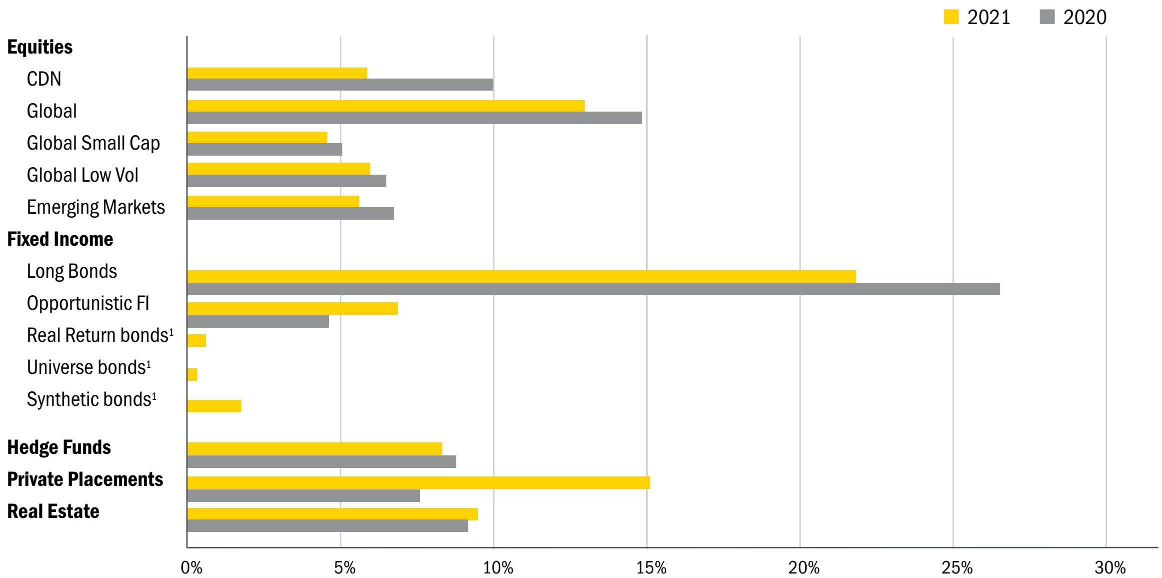
The improvement in financial position is primarily attributed to higher investment revenue and assessment revenue. In addition, other than pensions, post-employment benefits had a favourable actuarial experience adjustment. These gains were partially offset by an unfavourable actuarial experience, primarily within the Extended Earnings Replace Benefit (EERBs).

Although the funded position has improved, caution is advised as the WCB makes progress toward the strategic priority of funding our future. Many factors could impact future financial results, including: financial markets and inflation uncertainty, ongoing impacts of psychological injury legislation, and fluctuations in corporate performance.

In 2021, management continued to closely monitor the COVID-19 pandemic, including effects to the WCB, the economy and our stakeholders. As previously reported, 2020 was an anomalous year, which saw lower revenue from employers and fewer claims due to the pandemic. Challenges to progress on improved claim outcomes continued in 2021 due to the lingering impacts of the pandemic. Payroll, claim volumes and durations were impacted by lengthy shut down of activities, including services for treatment of workplace injuries. Payroll activities started returning to patterns that were more traditional later in 2021, and time-loss claim volumes started to increase as a result of the return to the workplace for many workers.

The corporate performance measure results were mixed, with challenges on some key operational outcomes. The target was not met for injury rate and time-loss days paid, with some improvement over 2020 in the latter. The return-to-work target within 180 days was met, but the return to employability target was not. The strategy to appropriately resolve longer duration claims and focus on newer claims showed signs of progress, as caseworkers continued to make progress in resolving longer duration claims leading to EERB.

BENCHMARK PORTFOLIO STRUCTURE



[1] Not applicable in 2020.

INVESTMENTS

Benefits for injuries occurring in a year are paid in the year of injury and, for some workers, for many years after the injury. The WCB maintains an investment portfolio to secure the payment of benefits in the future.

Portfolio Structure
The WCB has a fund of fund managers' arrangement with Mercer Global Investments Canada Limited (MGI). The benchmark portfolio reflects the fund's long-term risk tolerance. At any given time, the fund's asset allocation may differ from the benchmark. The benchmark is useful for assessing performance of the fund. As compared to 2020, target allocations have changed as detailed in the graph.

As set in a multi-year plan, the WCB continues to transition funds into alternative investments through limited partnerships. Moving to these alternative investment classes is intended to provide attractive risk-adjusted returns while reducing risk through further diversification of the investment portfolio and decreasing the WCB's exposure to equities. Contributions to these funds were made in 2021 and will continue until the funding calls have been reached, currently planned by 2026.

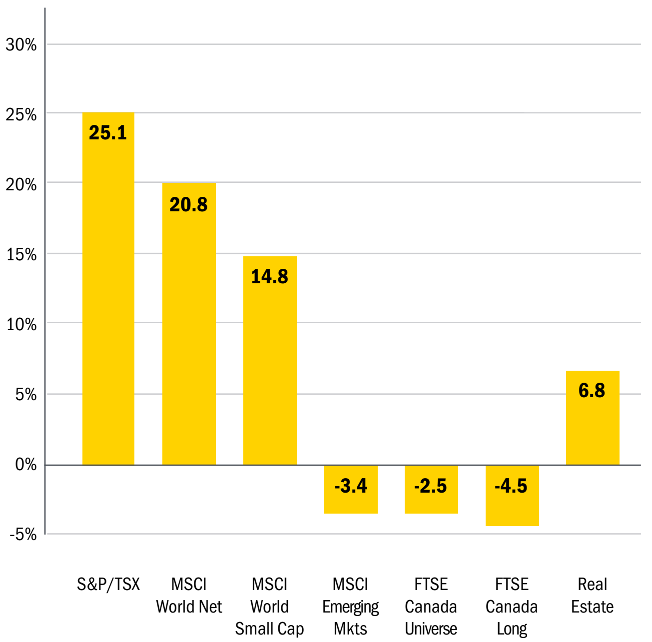
The WCB uses an active investment strategy where the investment manager is charged with exceeding the market index returns for all asset classes. The WCB continues to use a passive currency hedging overlay strategy with a hedge ratio of 15 per cent of the total foreign currency exposure. A glide path to reduce the hedging strategy is in place reducing the portion hedged gradually, and currency hedging will end completely when the Canadian dollar reaches $0.85 USD.

In late 2021, the WCB implemented the interest rate hedging strategy increasing the Fund's exposure to liability-matching fixed income investments through the use of leverage. Under the new long-term target mix, 20 per cent of the Fund is allocated to liability-matching fixed income. Through the use of leverage within the fixed income portfolio, the Fund's effective exposure to liability-matching fixed income will be approximately 60 per cent. The interest rate hedging strategy allows the WCB to improve the long-term expected returns in a risk-controlled manner, while also reducing funded status volatility.

Capital Markets Review
Overall, 2021 proved to be another strong year for financial markets despite many challenges. With the ongoing impact of the COVID pandemic around the world, financial markets experienced high volatility in 2021. Accelerated global vaccines fueled optimism for a reopening of the world economy, tempered at times with subsequent waves of COVID bringing further lockdowns and restrictions.

Businesses struggled to keep up with the rapid reopening of the global economy and underestimated the immense consumer demand from the flow of fiscal and monetary stimulus. Global supply chains were stretched and unable to deliver against an extraordinary demand from developed economies. The combined effects of significant supply chain

2021 FINANCIAL MARKET RETURNS
(percentage)



disruptions, energy shortages, and sharply rising input costs, resulted in inflationary pressures and concerns for rising interest rates.

The Fund's objective is to exceed the performance of the benchmark portfolio over a five-year, moving average period (before investment management fees). The five-year fund return of 8.3 per cent exceeded the 8.2 per cent benchmark and therefore the objective was met. The absolute return was above the long-term rate of 6.0 per cent that is assumed in the funding strategy.

As the investments are held to meet payment obligations that extend many years into the future, the valuation of investments at a point in time provides a view of the financial position of the WCB at only that point in time. Note 8 of the financial statements describes the potential for volatility of the portfolio. The WCB maintains an investment portfolio diversified among a variety of asset classes and fund managers in order to optimize returns and manage risk.

BENEFITS LIABILITIES

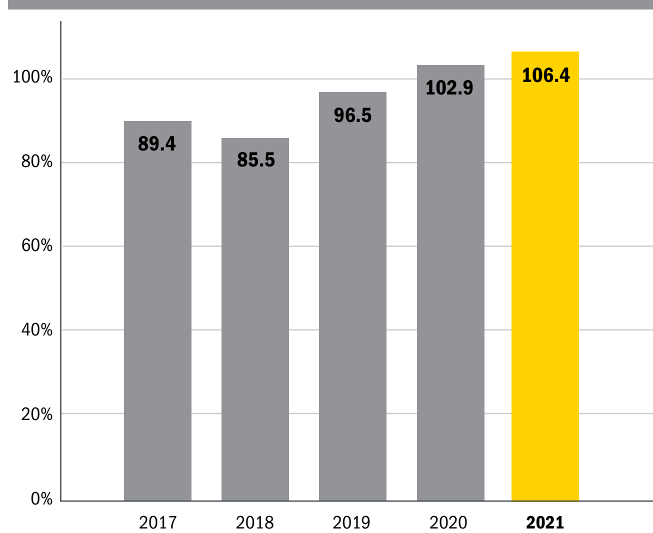
The WCB's benefits liabilities represent the actuarial present value at December 31, 2021 of all expected benefit payments that will be made in future years, which relate to claims arising from events that occurred on or before that date. The benefits liabilities represents the best estimate of the payments that would be required if these liabilities were settled in cash on December 31, 2021.

The benefits liabilities increased by $132.7 million or 6.4 per cent. This is the change in the present value of benefits payable in future years, calculated through the annual actuarial valuation process. The valuation takes into account claims costs incurred, claims payments made, growth in the present value of the benefits liabilities, legislated change, change in assumptions and actuarial experience adjustments including an adjustment for the change in liability for latent occupational disease.

FUNDED POSITION

The WCB's assets total $2.43 billion and liabilities total $2.29 billion. The WCB's funded percentage increased from 102.9 per cent in 2020 to 106.4 per cent. The funded position is likely to fluctuate, given a number of variables that may affect it. The WCB maintains a focus on long-term financial stability and sustainability of the workers' compensation system.

FUNDED PERCENTAGE
For Nova Scotia, 2017 – 2021



STATEMENT OF Comprehensive Income

In 2021, total revenues of $552.7 million ($342.4 million in assessment revenues plus $210.3 million in investment income) less total expenditures of $478.7 million and the re-measurement of post-employment benefit liabilities of $10.4 million yielded a total comprehensive income of $84.4 million.

The operating results for 2021 and 2020 may be attributed to the following factors:

($000's)	2021	2020
Assessment revenue in excess of current year costs	$ 26,443	$ 32,473
Investment income above liability requirements	107,714	82,066
Actuarial liabilities experience adjustments and assumption changes (more than) less than previously anticipated	(60,199)	24,939
Other comprehensive income from actuarial gains (losses) on post-employment benefits	10,420	(3,221)
Total comprehensive income	$84,378	$136,257

ASSESSMENT REVENUE

The WCB receives two types of assessment revenue. Most employers pay an insurance premium with rates established based on prior years' experience. Federal and provincial government agencies and departments are self-insured. Rather than paying an insurance premium, they reimburse the WCB for claims payments made on their behalf plus an administration fee.

Total assessment revenue from insured firms increased $28.8 million (9.4 per cent) from 2020. In 2021, remittances from employers increased as the general economic activity and businesses opened more broadly than in 2020. Revenue estimates include remittances received and collected in the following year.

The payroll base increased, reflecting an increase in the maximum assessable earnings, inflationary increases in wages, and an increase in the insured workforce. The actual average assessment rate per $100 of assessable payroll, net of conditional surcharge refunds and practice incentive rebates, was $2.66 - a decrease from 2020 average rate of $2.68. The fact that the actual rate is above target of $2.65 indicates that the mix of payroll amounts submitted by employers in high-rate industries and those submitted by employers in low-rate industries was slightly different than anticipated.

The 2021 self-insured administration fees decreased slightly by $0.3 million to $7.8 million (4.1 per cent) from 2020. Administration fees are calculated based on 2020 claims payments and administration costs.

INVESTMENT INCOME

Investment income is derived from the investment portfolio managed by external investment managers. Total investment income was $210.3 million for 2021, an increase of $27.0 million (14.7 per cent) from the 2020 income of 183.3 million. The investment return on the externally managed portfolio was a solid absolute return of 9.7 per cent. The 2020 return was 9.4 per cent. The WCB recognizes changes in market value of investments in the year of occurrence. Note 8 to the financial statements provides investment income details.

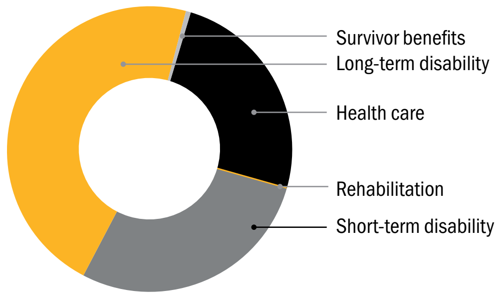
CLAIMS COSTS INCURRED

Claims costs incurred are an estimate of the costs related to injuries which occurred in 2021. These estimates take into account claims reported and paid, unreported claims and claims that are reported but as yet unpaid. The liabilities include provisions for both the future cost of administration of claims that occurred prior to December 31, 2021, and for exposures that will result in future occupational disease claims beyond December 31, 2021. The liability does not include an allowance for any changes to present policies and practices, or for the extension of new coverage types.

Claims costs incurred increased by $29.9 million (14.7 per cent) from 2020. Several factors influenced this. Details follow:

- Claims costs incurred for short-term disability increased 17.6 per cent ($8.6 million) in 2021. The number of time-loss injuries in 2021 were higher than 2020 (an anomalous year, which saw lower claims due to the pandemic). Higher volume and wages coupled with ongoing challenges in psychological injury claims, which can be complex to manage, ultimately translated to the increase in costs. The volume of time-loss injuries in 2021 was lower than in 2019.

TOTAL CLAIMS COSTS INCURRED
(in thousands)



	2021		2020	
Survivor benefits	1,347	0.6%	2,014	1.0%
Long-term disability	108,395	46.4%	97,095	47.6%
Health care	66,064	28.3%	55,315	27.1%
Rehabilitation	767	0.3%	786	0.4%
Short-term disability	57,215	24.5%	48,651	23.9%

The 11.6 per cent ($11.3 million) increase in long-term disability is mainly the result of higher than historical average EERB awards and working through a backlog of permanent medical impairment assessments. The few years leading up to 2021 presented challenges in processing EERB awards. Primarily, the backlog resulted from: implementation of a new claims processing system initially slowed the work through the transition; PTSD presumption legislation which increased claims volume, and COVID-related service access delays and challenges with return-to-work opportunities. With the focused effort on resolving older EERBs, there is an expectation EERB numbers in future years will trend back down to levels expected in our valuation.

Health-care costs increased 19.4 per cent ($10.7 million) in 2021 due to less access to medical treatments during portions of 2020 due to the pandemic.

Survivor costs have decreased 33.1 per cent ($0.7 million) in 2021. Claim volumes and costs in this area fluctuate year to year, and are not necessarily indicative of a trend.

Non-income rehabilitation costs are costs other than wage replacement benefits paid to workers in rehabilitation programs or workers receiving assistance with home or workplace modifications. In 2021, rehabilitation costs decreased from 2020 by 2.4 per cent ($0.02 million). Fluctuations occur year to year in rehabilitation costs as significant costs incurred on a small number of claims have a notable impact.

GROWTH IN PRESENT VALUE OF LIABILITIES, CHANGE IN ASSUMPTIONS AND ACTUARIAL EXPERIENCE ADJUSTMENTS

The benefits liability is calculated by an independent external actuary based on historical claims payment data coupled with assumptions about future experience. The growth in the present value of benefits liabilities is the increase in the present value of prior years' obligations due to an interest amount reflecting the time value of money. In 2021, this amount was $102.6 million or about 5.0 per cent calculated as a percentage of the opening benefits liabilities. This amount varies slightly by benefit category as the expected inflation component varies. Based on the long-term assumptions for inflation and investment returns, we expect growth to occur at approximately 5.25 per cent annually.

Actuarial adjustments represent the difference between what was predicted based on the actuarial assumptions and methods used in the prior valuation years, and what actually occurred in the year. In 2021, the volume and average cost of new Extended Earnings Replacement Benefits (EERBs) were much higher than expected in the actuarial assumptions. The increased cash flow resulting from higher earnings and volumes along with other factors such as mortality experience, future claims administration costs, and other non-specified actuarial adjustments, combined to produce an unfavourable adjustment of $84.7 million. This was partially offset by a favourable adjustment of $24.5 million from a one-year increase in the average age assumption for new long-term earnings loss award recipients.

ADMINISTRATIVE COSTS

Administrative expenditures in 2021 totaled $62.6 million, an increase of $2.3 million or 3.9 per cent from 2020. This is primarily due to general inflationary increases.

LEGISLATED OBLIGATIONS

The WCB reimburses the Province of Nova Scotia for the operating costs of the Occupational Health and Safety Division of the Department of Labour, Skills and Immigration, the Workers' Advisers Program, and the Workers' Compensation Appeals Tribunal. The WCB and the Province of Nova Scotia have different fiscal years. The WCB's year-end is December 31, and the Province's year-end is March 31. The WCB's expenses for legislated obligations are estimates based on the forecasts of expenditures supplied by the Province of Nova Scotia. The legislated obligations expenses reported by the WCB and the amounts reported by the Province can vary significantly.

STATEMENT OF Cash Flows

Cash increased in 2021 as cash utilized for benefit payments and operations was less than cash generated through assessments premiums.

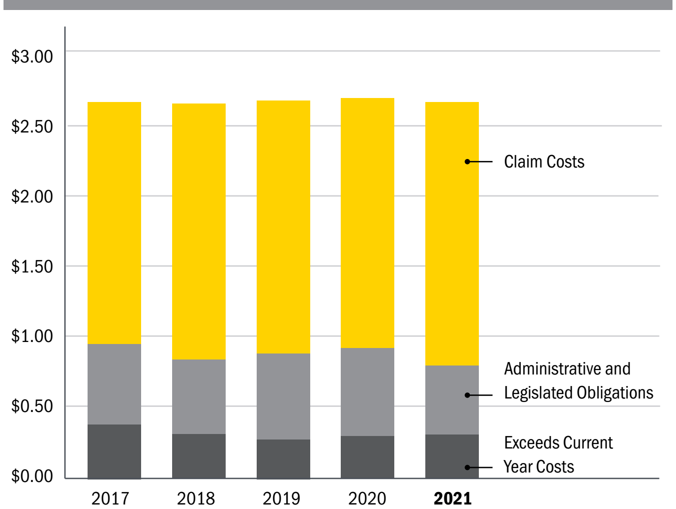
Funding Strategy

The WCB's funding strategy encompasses assumptions about revenue from the covered workforce payroll base, operational results and investment returns. The WCB collects premiums from employers to pay the benefits resulting from workplace injuries that occurred in the year. Additionally, the WCB must maintain sufficient invested assets to pay benefits awarded in the past. In 2021, there were sufficient invested assets to fund these past claims. Prior to 2020, the invested assets were not sufficient to fund these past claims and this shortfall was the unfunded liability.

In 2021, the invested assets are marginally greater than the amounts required to fund past claims. Small changes in investment returns, actuarial experience or unexpected shocks to the system could create volatility in our funded position. The WCB Board of Directors will consider the appropriate rate requirements and funding level required to avoid such volatility and the resulting variability in assessment rates.

Each year premiums are collected from employers based on a targeted average rate of $2.65 per $100 of assessable payroll. In 2021, the portion of the $2.66 actual average rate required to fund injuries that occurred in the year was $1.85, with administration and legislated obligations costs requiring $0.50. The remaining $0.31 further improved the funded position of the WCB. The composition of the average rate since 2017 is as follows:

BREAKDOWN OF AVERAGE RATE
for Nova Scotia, 2017 – 2021



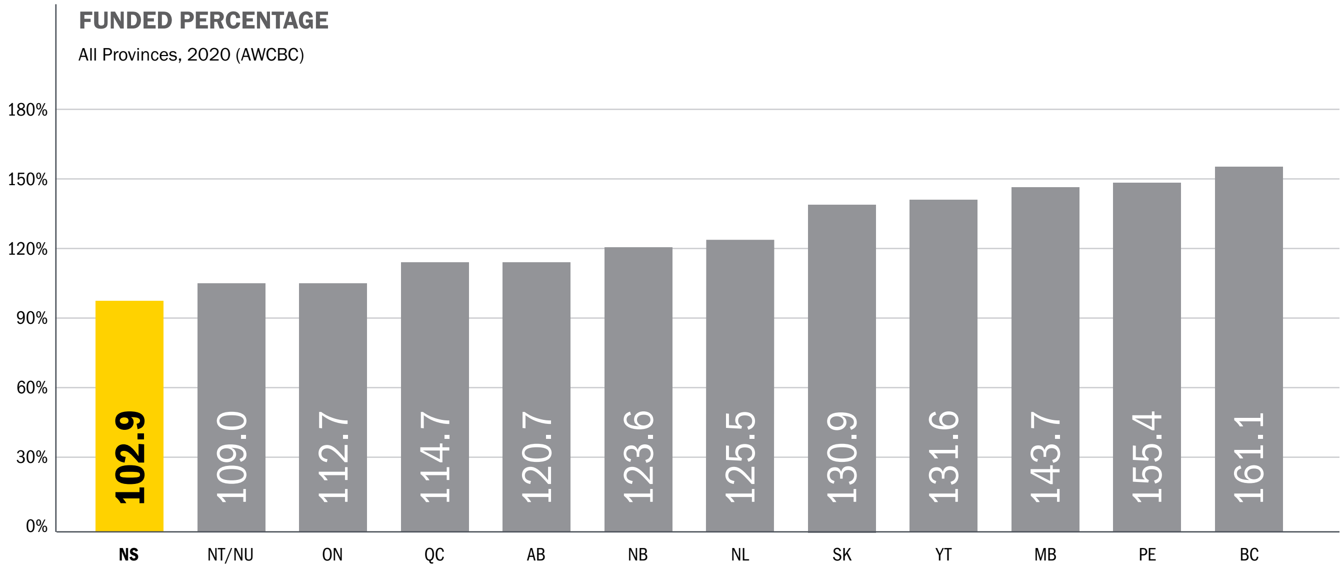
The WCB strives for continuous improvement in outcomes for workers through prevention and return to work. The portion of the rate required to fund the cost of workplace injuries in 2021 was $2.35 – a $0.02 decrease from the estimated cost of 2020 injuries. Our strategic plan goal looks to improve return-to-work outcomes while maintaining a steady reduction in the volume of injuries occurring in workplaces across the province. Reductions require employers, workers, and health care providers to work together in fostering safe and timely return to work.

A key component of the funding strategy is the return on invested assets. Investments delivered a 9.7 per cent return in 2021. Cumulative returns have been positive in recent years with the exception of a setback in 2018. The annualized 10-year return as of December 2021 was 9.0 per cent, exceeding the long-term investment assumption of 6.0 per cent before fees.

The WCB's annual update of the funding strategy in June 2021 estimated the funded position would continue to be positive between 2020 and 2024. The funding period assumption included an estimated total comprehensive income for 2021 of $4.5 million. The actual total comprehensive income for 2021 is $84.4 million, improving the WCB's positive funded position. There are a number of variables affecting the funded position and annual variances are expected. In 2021, assessed revenue was more than expected, investment returns were above the long-term average expected, and favourable experience with other than pension plan experience more than offset the unfavourable actuarial experience adjustments to the benefits liabilities.

Financial progress over the past several years has been encouraging though there are many factors that can influence the funding strategy. All of the assumptions are based on long-term expectations. By nature, annual investment returns are unpredictable and we expect that short-term results will vary from the long-term expectations. Revenue from the covered workforce is dependent on economic activity and the size of the covered workforce and claims experience can vary (as per recent experience in 2020, which saw declines). Note 12 of the financial statements details areas of uncertainty, including actuarial experience, which may have a significant impact on the WCB's benefits liabilities and funding strategy.

The 2021 results, the lingering impacts of COVID and the expected outcomes of our new strategic plan will be incorporated when the Board completes its annual planning process in June of 2022.



Risk Areas

Given the nature of our operations, the WCB is inherently susceptible to risks that, if unmitigated, could lead to significant financial consequences. Benefit costs, investment returns, economic conditions, fraudulent activities and technology risk are all considerations that can affect the WCB's performance and financial results.

BENEFIT COSTS

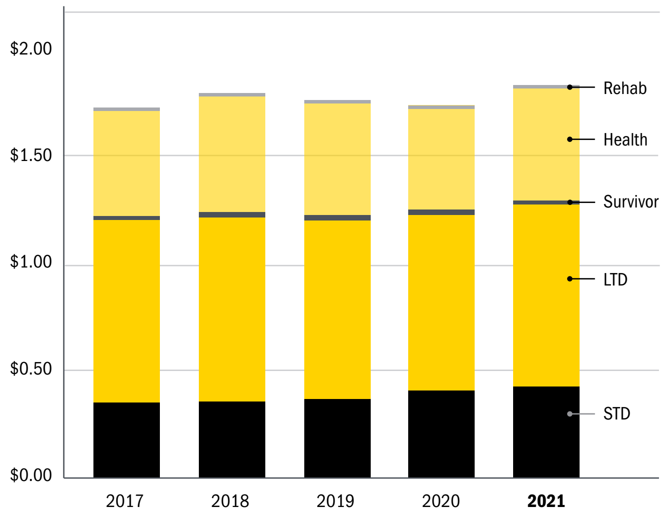
Challenges to progress on improved claim outcomes continued in 2021 due to the lingering impacts of the COVID pandemic. Payroll, claim volumes and durations were impacted by a lengthy shut down of activities, including services for treatment of workplace injuries. Payroll activities started returning to patterns that are more traditional later in 2021, and time-loss claim volumes started to increase as a result of the return to the workplace for many workers.

Return-to-work opportunities and access to services did improve although not quite to pre-pandemic levels. The upward trend in increasingly complex claims, such as post-traumatic stress, stabilized in 2021. However, the complex nature of these claims results in challenges as these claims have limited treatment protocols and longer durations. This ultimately leads to higher caseloads for caseworkers managing these claims.

Long-term disability costs were higher than plan mainly due to a significantly higher volume of long-term awards. Increasing opportunities to conduct permanent impairment assessments, and resolve both older and more recent claims, led to the increase in long-term awards. Health care costs increased beyond inflation in 2021 as workplaces reopened and claim volumes increased to levels that are more traditional. Payroll increased 2 per cent more than projected suggesting a faster economic recovery than expected when the plan was approved.

A continued change agenda and the challenges associated with COVID are expected to continue to impede operational results and progress towards our longer-term goals over the next several months. Improved outcomes are expected to resume in 2022, however, the pattern of improvement that will result from our changes will likely evolve over time.

BENEFIT COSTS PER $100 OF ASSESSABLE PAYROLL
for Nova Scotia, 2017-2021



INJURY RATE

The injury rate is one of the most significant drivers of benefit costs, and a key strategic focus. At the end of 2021, the injury rate was 1.58 time-loss claims per 100 covered workers, up from 1.53 in 2020.

As of December 31, 2021, there were 515 fewer time-loss injuries than in 2017. This reflects a 9 per cent decrease over the five-year period and average annual decrease of just over 2 per cent.

Increases in long-term disability costs are expected to continue in 2022 as we continue to award a higher number of long-term awards. As volumes decrease and complex claims are resolved, we expect the number of new long-term awards to begin a downward trend beginning in 2023.

CLAIM DURATIONS

In Nova Scotia, people injured at work stay on short-term benefits longer than in many other provinces and a higher proportion of workers go on to receive long-term benefits. The WCB is beginning to introduce early intervention and new return-to-work approaches designed to help reduce claims costs incurred over time, by reducing durations and reducing the number of workers going on to long-term disability.

Claim durations reflect the persistence of injuries that occur in the workplace. WCB's goal is to improve outcomes for people injured at work, and reduce the human and financial cost of workplace injuries in Nova Scotia. Progress has been slow as the nature and mix of injuries has changed over time. Following a very challenging 2020, some progress was made in 2021 with time-loss days per 100 covered workers decreasing from 353 days in 2020 to 317 days in 2021. Additionally, the percentage of time-loss claims resolved within 180 days of injury improved from 78 per cent in 2020 to 80 per cent in 2021, achieving the target set for this new measure.

INVESTMENT RETURNS

The WCB's assets are diversified among a variety of asset classes and fund managers in order to optimize returns and manage risk. External investment managers must comply with the WCB's Statement of Investment Policies and Objectives (SIPO) that outlines permissible investments. The SIPO is designed so the portfolio will provide reasonably secure payment of the long-term liabilities of the WCB.

Some risks cannot be directly controlled by the WCB. These risks include market volatility and interest rate changes. Investment returns that are different than the long-term expectation for returns in the funding strategy can have a significant impact on our funding position.

The funding strategy adopted in June 2021 was prepared using a return on investments assumption of 6.0 per cent. During 2020, an asset allocation study reviewed our long-term expectation for inflation and real returns. Results of this work indicate that a long-term investment return of 6.0 per cent is a reasonable expectation.

ECONOMIC CONDITIONS

Throughout 2020 and 2021, the COVID-19 pandemic caused massive disruption to business, supply chains and economic activity. COVID and other economic uncertainty has impacted the economic growth in the province, increased inflationary pressure on the system and the financial market conditions were volatile related to world economies and conditions. The WCB has the ability to continue as a going concern. This has been tested with the pandemic, and in the past with the addition of chronic pain benefits and the investment market volatility of 2008.

FRAUD

The WCB provides workplace injury insurance to about 20,500 employers and about 341,000 workers across Nova Scotia and uses the services of thousands of service providers. The significant volume and value of the monetary transactions that occur create a risk to the WCB of fraudulent activity by internal and external stakeholders. To proactively strengthen the management of this risk, the WCB performs data quality, integrity checks and reconciliations; implements internal controls including cyber monitoring, follows a policy framework and employs a Special Investigations Unit.

TECHNOLOGY

The reliability of WCB's information technology is crucial to supporting the organization's operations and safeguarding personal records. System failures or security breaches are significant risks to the WCB. The organization has taken steps to mitigate these risks by investing in technology, maintaining backup systems and processes, developing staff expertise, having a disaster recovery plan and policies for information management and enterprise architecture purposes.

Critical Accounting Policies and Estimates

The WCB follows International Financial Reporting Standards (IFRS). IFRS requires that management make assumptions and estimates. Financial statement Note 3 *"Significant Accounting Policies"* and Note 4 *"Accounting Judgments and Estimates"* outline the WCB's significant accounting policies and estimates.

Significant policies include measurement of investment income and the valuation of the benefits liabilities. Reported investment income is affected by the changes in fair market values of the investments held. These changes in fair value are recorded directly in income in the period the changes occur. This adds to the volatility of reported investment income from year to year.

The benefits liabilities determined in the financial statements are estimated using many actuarial assumptions. The two most significant assumptions are the long-term discount rate and the long-term inflation rate, and estimates are highly sensitive to small changes in these assumptions. Measurement uncertainty is high because of the amount, timing, and duration of the benefits. Actual future results will vary from the actuarial valuation estimate and the variations could be material.

One of the most significant future changes is the move to market-based interest rates used to discount the future cash flows of the benefits liabilities (IFRS-17) and this is effective January 1, 2023. Today, the discount rate is the going-concern rate, under IFRS-4, and the discount rate is tied to the long-term expected return on investments. At the end of 2021, a market based discount rate would have decreased the funded ratio from 106.4 per cent to 87.6 per cent. A sensitivity analysis relating to insurance risk is included in Note 12 of the financial statements.

OUTLOOK

The WCB operates as a going concern. The funding strategy supports the WCB's ability to remain financially sustainable while maintaining the system and balancing worker and employer perspectives.

In line with the strategic priority of funding our future, the funding strategy assumes a growing economy, long-term investment return expectations across a diversified portfolio and stabilized claims costs for a financially sustainable system. The funding strategy will continue to utilize the going-concern assumption to value the benefits liabilities, even with the implementation of IFRS-17 for the WCB's financial statements in 2023.

Within the funding strategy, when financial results are different than the target, whether better or worse, on an annual basis there are three possible courses of action: adjust rates paid by employers, adjust benefits to workers, or increase or decrease the time period of the impact. In the past, to a large extent, the funding period has been used to absorb variations between future-based financial projections and actual results. As the level of benefits are set by the Government of Nova Scotia, subject to interpretation by the

Courts, the funding equation is not entirely within the control of the WCB as the neutral administrator.

The WCB and all system stakeholders must recognize and appreciate the volatility, and the delicate nature, of having just achieved the funded position. As caution, the funded position will fluctuate in coming years, and will almost certainly move above and below 100 per cent. Therefore, ensuring a sufficient funded margin is integral to funding our future.

Stakeholders' interest to increase benefits for people injured at work and/or reduce employer assessment rates has been growing for years, and that interest continues. The WCB's current strategic priorities for 2021–2023 include considerations for funding for our future on the principle that we must make the right decisions now, to ensure financial sustainability. That means establishing a range of upper and lower thresholds where action to reduce rates or improve benefits is in the best interest of stakeholders, and just as importantly, where providing for adverse deviation is the best approach. Having a strong funded percentage is necessary to withstand changes, such as economic growth, investment returns or increases in claim costs. Therefore, we must be strategic, responsible and do all we can to build a sustainable future.

COVID-19 may continue to have an impact on claiming patterns, health care trend rates, mortality rates and investment returns resulting from the global financial turbulence. There is currently no data available to support the potential impact of COVID-19 on our long-term assumptions and therefore, the results provided herein do not reflect any potential impact COVID-19 may have on the liability. Future valuations will have the benefit of analyzing this experience and any gains or losses will be reflected accordingly at that time.

Our plan is to achieve long-term sustainability, continued innovation and therefore overall improvement for the system. The focus of the WCB's efforts over the next several years will be to improve outcomes for people injured at work, and their employers, by supporting their safe and timely return to pre-injury earnings.

The Board of Directors will review the funding strategy as part of the annual plan and budget process in June 2022. On an ongoing basis, the WCB weighs the views of stakeholders on a number of topics, which includes the appropriate level of benefits, rates charged to employers and the WCB's funding position.

Although the funding strategy clearly labels assumptions as such, it is possible to read more certainty and precision into the strategy than warranted, given the number and nature of assumptions it contains. It is important to note that the funding strategy is our best estimate of what will happen given the assumptions. As noted in previous annual reports and or in the funding strategy, actual results will differ from the projections and these differences may be material.

INDEPENDENT AUDITOR'S REPORT

To the members of the Board of Directors
Workers' Compensation Board of Nova Scotia

Opinion
We have audited the financial statements of Workers' Compensation Board of Nova Scotia ("WCB"), which comprise the statement of financial position as at December 31, 2021, and the statements of comprehensive income, changes in the funded position and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Workers' Compensation Board of Nova Scotia as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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

Information Other than the Financial Statements and Auditor's Report Thereon
Management is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

Grant Thornton LLP
Chartered Professional Accountants

Halifax, Canada
June 22, 2022

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

as at December 31 (thousands of dollars)

	2021	2020
Assets		
Cash & cash equivalents	$ 3,565	$ -
Receivables (Notes 6 and 18)	50,143	36,369
Investments (Note 7)	2,349,157	2,139,748
Property and equipment (Note 9)	4,138	5,613
Intangible assets (Note 10)	25,315	28,632
	$ 2,432,318	$ 2,210,362
Liabilities and Funded Position		
Bank indebtedness	$ -	$ 2,740
Payables and accruals	58,947	43,170
Post-employment benefits (Note 11)	26,635	34,840
Benefits liabilities (Note 12)	2,200,265	2,067,519
	2,285,847	2,148,269
Funded position	146,471	62,093
	$ 2,432,318	$ 2,210,362

Commitments (Note 20)
Capital Management (Note 22)

Approved on behalf of the Board of Directors on June 22, 2022:

Saeed El-Darahali
Chair, Board of Directors

Angus Bonnyman
Chair, Finance, Audit and Risk Committee

STATEMENT OF COMPREHENSIVE INCOME

year ended December 31 (thousands of dollars)

	2021	2020
Revenue		
Assessments (Notes 4, 13, 17 and 18)	$ 342,395	$ 313,939
Investment income (Note 7)	210,301	183,284
	552,696	497,223
Expenses		
Claims costs incurred (Notes 4, 12 and 18)	233,788	203,861
Growth in present value of benefits liabilities, actuarial adjustments and adjustment for latent occupational disease (Note 12)	162,786	76,279
Administration costs (Notes 14, 18 and 21)	62,610	60,268
System support (Note 15)	1,021	1,012
Legislated obligations (Note 16)	18,533	16,325
	478,738	357,745
Excess of revenues over expenses	73,958	139,478
Other comprehensive income (loss)		
Re-measurement of post-employment benefits income (loss) (Note 11)	10,420	(3,221)
Total comprehensive income	$ 84,378	$ 136,257

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN THE FUNDED POSITION

year ended December 31 (thousands of dollars)

	2021	2020
Funded position excluding accumulated other comprehensive income		
Balance, beginning of year	$ 72,516	$ (66,962)
Excess of revenues over expenses	73,958	139,478
	$ 146,474	$ 72,516
Accumulated other comprehensive income		
Balance, beginning of year	$ (10,423)	$ (7,202)
Other comprehensive income (loss)	10,420	(3,221)
	$ (3)	$ (10,423)
Funded position	$ 146,471	$ 62,093

STATEMENT OF CASH FLOWS

year ended December 31 (thousands of dollars)

	2021	2020
Operating Activities		
Cash received from:		
Employers, for assessments	$ 334,097	$ 317,970
Net investment income	130,381	68,331
	464,478	386,301
Cash paid to:		
Claimants or third parties on their behalf	(262,291)	(250,712)
Suppliers, for administrative and other goods and services	(65,286)	(80,133)
	(327,577)	(330,845)
Net cash provided by operating activities	136,901	55,456
Investing Activities		
Increase in investments, net	(129,488)	(67,485)
Purchases of equipment and intangible assets	(1,108)	(1,793)
Net cash used in investing activities	(130,596)	(69,278)
Net increase (decrease) in cash and cash equivalents	6,305	(13,822)
(Bank indebtedness), cash and cash equivalents, beginning of year	(2,740)	11,082
Cash and cash equivalents, (bank indebtedness), end of year	$ 3,565	$ (2,740)

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *year ended December 31st, 2021 (thousands of dollars)*

NATURE OF OPERATIONS

1. The Workers' Compensation Board of Nova Scotia (WCB) is a board established by the Nova Scotia Legislature in 1917, under the *Workers' Compensation Act (Act)*, and is exempt from income tax. The address of the WCB's primary operations is 5668 South Street in Halifax, Nova Scotia. Pursuant to the *Act*, the WCB strives to prevent workplace injury, but when it occurs, supports injured workers and their employers to achieve a safe and timely return to work; administers the payment of benefits to injured workers and dependents; levies and collects assessment revenues from established classes of employers in amounts sufficient to cover the costs of claims and administration; and invests funds held for future benefit payments.

   The current *Act* came into force February 1, 1996. Various amendments have since occurred to the *Act* and have received Royal Assent.

2. BASIS OF PREPARATION

Statement of compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies applied in preparation of these financial statements are set out below.

Going concern
The WCB has assessed all relevant financial and economic indicators and has determined that there is an ability to operate as a going concern, as supported by the funding strategy in place to maintain a funded position.

Basis of measurement
The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in the significant accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for assets.

These financial statements are prepared and rounded in thousands of Canadian Dollars unless otherwise stated.

3. COVID-19 PANDEMIC

In March 2020 COVID-19 was recognized as a pandemic by the World Health Organization. WCB management continues to closely monitor the evolution of this pandemic, including effects to the WCB, the economy and our stakeholders.

4. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared within the framework of the following accounting policies:

a) Cash and Cash Equivalents
Money market instruments with original maturities of three months or less are considered to be cash equivalents and are recorded at cost, which approximates fair market value.

Bank indebtedness includes the utilization of a line of credit. Cash advances from the line of credit are to a maximum of $20,000 and bear interest at the bank's prime interest rate less 0.85 per cent.

b) Assessments Revenue and Receivable
Premiums are billed when employers report their employees' insurable earnings for an applicable assessment year. For employers who have not reported, premiums are estimated based on historical experience and any difference between actual and estimated premiums is adjusted in the following year. As a significant portion of premium income for the year is not received until after year end, the amount recorded is a combination of actual and estimate based on statistical data. The difference between the estimate and the actual income received is adjusted to income in the following year. Historically, the difference has not been material.

c) Investments
All portfolio investments are designated as fair value through profit and loss. Realized gains and losses on the sale of investments and unrealized gains and losses arising from the change in the fair value of investments are recorded in investment income in the period in which they arise. All purchases and sales of portfolio investments are recognized on the date the trades are executed. Income from interest, dividends, and distributions from pooled funds and investment foreign currency gains and losses are recognized as investment income in the period incurred. Distributions from pooled funds are automatically reinvested within the pooled funds. Investment income is presented net of investment expenses.

The following determines fair value of investments:

- Pooled fund units (equities and fixed income) are valued at their year-end net asset values (NAV) as determined by the fund managers.
- Structured entities such as limited partnerships in infrastructure, private equity private debt, credit opportunities, global real estate, as well as hedge funds are valued at the most recent available NAVs as determined by the fund managers.
- The fair value of real estate fund units is based on independent property appraisals net of fund liabilities as determined by the fund manager.

Unconsolidated structured entities
Investments in limited partnerships for alternative asset classes do not satisfy the elements for control or significant influence and therefore have not been consolidated into these financial statements. Financial instruments accounting has been applied. The WCB's financial exposure is limited to the net carrying amount of the investments. Obligations are imposed on funds committed in structured entities; once committed, an investor is expected to fund the entire subscribed amount over the term of the agreement.

d) Property and Equipment
Property and equipment is stated at cost, less accumulated depreciation and when applicable, write-downs for impairment. Depreciation is charged using the straight-line method over the estimated useful life of the asset. A useful life of 3 to 40 years is used for building components and from 4 to 20 years for furniture and facilities, equipment and computer hardware. With the exception of equipment under finance leases, in the year of acquisition, a half year's depreciation is taken. The useful lives of items of property and equipment are reviewed at each balance sheet date and adjusted if required.

Leases
For new lease contracts entered into, the WCB determines if the contract is or contains a lease. A lease is defined as a contract or part of a contract that conveys the right to use an asset for a period of time in which consideration is paid. The lease liability is measured at the present value of the remaining unpaid lease payments discounted using the interest rate implicit in the lease if readily determinable or the lessee's incremental borrowing rate. The right-of-use asset is measured at the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred, and an estimate of costs to be incurred, if any, in dismantling or removing the underlying asset or restoring the site. Right of use assets are depreciated over the useful life of the asset or over the lease term, whichever is shorter. Short-term leases and leases of low-value assets where the payments are recognized as expense in profit or loss on a straight line basis over the lease term, using the practical expedients options available.

e) Post-Employment Benefits
An independent actuary is appointed to prepare the post-employment benefit estimates. The amounts are accrued over the periods during which the employees render services in return for these benefits. The projected unit credit method is used to calculate the defined benefit obligations and current service costs. Due to the curtailment of the retirement allowance program, the projected unit credit method has been adjusted such that the defined benefit obligation for the retirement allowance program is the present value of all future retirement allowance payments. Actuarial gains and losses arise from the actual experience of the plan's liabilities for a period and are recorded through other comprehensive income with no subsequent reclassification to comprehensive income. Current service, past service (including curtailment and settlement) and interest costs are recorded through profit and loss in the period in which they arise. Discount rates are based on the market yields of high quality corporate bonds.

f) Benefits Liabilities
An independent actuary completes a valuation of the benefits liabilities of the WCB at each year end. The benefits liabilities represent the actuarial present value of all future benefits payments expected to be made for injuries which occurred in the current fiscal year or in any prior year including exposure for occupational diseases. The benefits liabilities includes provisions for all benefits provided by current legislation, policies

and/or administrative practices in respect of existing claims and for future costs of administering existing claims. Changes to the benefits liability arising from growth in present value, changes in actuarial assumptions and actuarial experience adjustments are recognized in expense annually based on the year end actuarial valuation. The benefits liabilities are accounted for using IFRS 4 - Insurance contracts.

g) Foreign Currency Translation

Investments denominated in foreign currencies are converted to Canadian dollars at rates of exchange prevailing at the Statement of Financial Position date. The resulting translation adjustment is accounted for on a basis consistent with the accounting policy for investments.

h) Financial Instruments

The WCB uses IFRS 9 for financial instruments, which requires financial instruments to be classified as either amortized cost, or fair value through profit and loss. The applicable financial instruments for the WCB are as follows:

- Cash and cash equivalents – recorded at cost, which approximates fair market value
- Accounts receivable and payable – recorded at amortized cost
- Investments – recorded as fair value through profit and loss

The carrying values of accounts receivables and payables approximate fair values due to the short-term maturity and/or underlying terms and conditions. The WCB's accounts receivable are not subject to significant concentration of credit risk as the accounts are owed by a large number of employers, the Province of Nova Scotia and the Government of Canada on normal credit terms. Accounts receivable include an estimate for the lifetime expected credit losses using the simplified method with a provision matrix in the allowance for doubtful accounts and are regularly reviewed to determine whether the account should be written-off. Accounts are written-off when there is no reasonable expectation of recovery.

The investment portfolio does not contain any derivatives intended for speculation or trading purposes. The portfolio includes a currency hedging strategy by investing in the Hedged Mercer Global Equity Fund. The WCB has elected not to apply hedge accounting.

i) Intangible Assets

Intangible assets are stated at cost, less accumulated depreciation and when applicable, write-downs for impairment. Intangible assets consist of externally purchased software applications, and process development costs. To qualify for capitalization, the intangible asset must be separately identifiable, the WCB must have control of the asset and the asset must have future economic benefits.

Depreciation is charged on a straight-line basis over a period of 5 to 10 years for internally generated software and process development costs, with one half year's depreciation taken in the year of completion. Intangible assets which are under development and not yet ready for its intended use so are not subject to depreciation. Assets under development and not ready for their intended use are tested for impairment annually.

Expenditures related to the research phase of an internal project are recognized as an expense in the period incurred. Software purchases are depreciated on a declining-balance basis at an annual rate of 50 per cent. The useful lives of intangible assets are reviewed at each reporting date and adjusted if required.

j) Asset Impairment Testing

IFRS requires a test for impairment at least annually whenever there is objective evidence that the carrying value of an asset may exceed its fair value. Impairment tests must be conducted for an individual asset, an asset group or at the cash-generating unit level which is the smallest identifiable group of assets that generates cash inflows independent of cash inflows of other assets.

Based on the analysis of the entity and its cash flows, the WCB has determined that it is a single cash generating unit. Impairment of assets at the entity level is unlikely as the WCB has the power under the *Act* to revise premiums to ensure the continuity of the workers' compensation system. Therefore, individual assets are monitored for impairment using a variety of qualitative considerations including, but not limited to: obsolescence, damage, and reduction in asset performance, disposal or the existence of plans to discontinue the use of the asset. If an asset is deemed impaired, the asset is written off completely or subjected to accelerated depreciation, whichever is appropriate.

k) New Accounting Policy Implementations

WCB staff monitors the pronouncements of the International Accounting Standards Board (IASB) and considers the impact that changes in standards may have on the WCB's financial reporting. The IASB has ongoing projects to improve existing standards and issue new standards, some of which will impact the WCB in future years.

l) Future Accounting Policy Developments

IAS 1 – Presentation of Financial Statements (Amendment) – The IASB has amended the standard to require entities to disclose their material accounting polices rather than the current significant accounting policies. The IASB has issued supporting documentation including a detailed "4 step process" to guide the assessment. The WCB will be conducting a review and adopting changes for periods beginning on or after January 1, 2023.

IFRS 17 – Insurance Contracts – This new insurance standard will replace IFRS 4. The standard was released in May 2017 and the mandatory effective date is January 1, 2023.

This standard will have material impacts for the WCB's financial reporting by introducing new recognition and measurement approaches for insurance revenue and liabilities. One of the most significant changes is the move to market-based interest rates used to discount the future cash flows of the benefits liabilities which is expected to lead to an increase in the benefits liabilities on the statement of financial position and increase volatility in reported income.

The standard changes the financial statement presentation, with a separation of insurance and financing activities, and expands disclosures about amounts recognized, significant judgments and assumptions. The nature and extent of risks arising from insurance contracts also changes. Management is required to make significant estimates and apply significant judgment in areas like discount rate and timing of onerous contract recognition.

Management expects that the WCB insurance contracts will be grouped as a single portfolio by year and have a one year contract boundary. The loss component of WCB's onerous contracts will be measured using projections and recognized in net income on initial recognition.

Actuarial procedures and data requirements were assessed during 2021 and no data gaps were identified. There are no system changes required and draft IFRS 17 compliant disclosures will be completed during 2022 to validate that all information required is available. In 2022, WCB will finalize the policy principles and prepare for reporting in accordance with IFRS 17.

Management is continuing to evaluate the impact that IFRS 17 will have on its financial statements but has not yet determined the impact on the measurement of its insurance contract liabilities.

m) Comparative Figures

Certain 2020 comparative figures have been reclassified to conform with the 2021 presentation.

5. ACCOUNTING JUDGMENTS & ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, in particular, benefits liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ materially from those estimates. Decisions of the WCB may be appealed to the Workers' Compensation Appeals Tribunal, subsequently to the Nova Scotia Court of Appeal, and finally, to the Supreme Court of Canada. Rulings by these bodies have the potential to impact benefits liabilities. Legislated Obligations excluding the Workers' Compensation Appeals Tribunal are based on forecasts supplied by the Province of Nova Scotia with the actual billing through an order in council occurring post release of the annual report.

Information about the judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed in detail in the following notes:

- Note 7 – Investments
- Note 8 – Financial Risk Management
- Note 11 – Post-employment benefits
- Note 12 – Benefits liabilities
- Note 13 – Assessment revenue

6. RECEIVABLES

	2021	2020
Assessments	$ 28,316	$ 22,238
Self-insured employers	10,193	7,863
Assessments receivable	38,509	30,101
Advance to related parties	7,100	1,560
Claim-related overpayments	1,388	1,539
Harmonized sales tax rebate	1,665	1,246
Other	1,481	1,923
	$ 50,143	$ 36,369

Assessments receivable are net of an allowance for expected credit losses of $8,149 in 2021 (2020 - $8,800). Other receivables are net of an allowance of $1,982 in 2021 (2020 - $1,831). The impact on accounts receivable collections was monitored throughout the year, and by the end of the year end remittance patterns were consistent with the prior year. Advance to related parties of $7,100 was repaid on January 25, 2022.

7. INVESTMENTS

	2021	2020
Equities		
Canadian	$ 137,087	$ 214,036
Global	218,593	227,903
Global hedged	83,004	87,971
Global low volatility	138,374	138,202
Global small cap	106,364	107,365
Emerging markets	133,002	144,164
Private equity[1]	221,749	102,242
	1,038,173	1,021,883
Fixed income		
Liability-matching bonds[2]	570,531	560,535
Opportunistic fixed income	161,085	96,935
Private debt[3]	17,337	3,158
	748,953	660,628
Real estate[4]	244,538	199,483
Hedge funds	196,009	187,711
Infrastructure	117,907	69,770
Cash and money market	3,577	273
	$2,349,157	$2,139,748

Investment Income	2021	2020
Distributions from pooled funds	$ 79,233	$ 66,559
Change in fair market value increase	79,920	114,957
Realized gains from the sale of investments	60,542	9,946
Portfolio management expenses	(9,394)	(8,178)
Net investment income	$ 210,301	$ 183,284

[1] Private equity includes private equity, co investments and secondary markets.

[2] Liability-matching bonds include long term bonds, synthetic federal real return bonds, synthetic mid-term provincial bonds, universe bonds and real return bonds.

[3] Private Debt includes Private Debt and Credit Opportunities.

[4] Real estate includes Canadian real estate and Global real estate.

Funding Commitments

The WCB has entered into limited partnership agreements with externally managed funds that commit the WCB to contribute into these investments which will be drawn down over the next several years. Unfunded commitments as of December 31, are as outlined in the table below:

Mandate	2021 Undrawn Funding Commitments	Total Commitment
Infrastructure	$ 107,976 USD	$ 190,500 USD
Private equity	$ 104,979 USD	$ 228,500 USD
Private debt	$ 59,240 USD	$ 72,000 USD
Global Real estate	$ 78,375 USD	$ 95,000 USD

Mandate	2020 Undrawn Funding Commitments	Total Commitment
Infrastructure	$ 143,086 USD	$ 190,500 USD
Private equity	$ 169,159 USD	$ 228,500 USD
Private debt	$ 69,720 USD	$ 72,000 USD
Global real estate	$ 92,150 USD	$ 95,000 USD

During 2020, the WCB added additional limited partnership commitments of $395.0 million USD into infrastructure, private equity, private equity co-investments, private debt, global real estate, credit opportunities and secondary markets.

8. FINANCIAL RISK MANAGEMENT

In accordance with IFRS 7 – Financial Instruments, Disclosure, the following provides qualitative and quantitative information relating to market risk, interest rate and currency risks, credit risk and liquidity risk.

The WCB manages its investments in accordance with a Statement of Investment Policies and Objectives and manages investment risk by using a diversified portfolio both across and within asset classes engaging fund managers with a broad range of investment practices and styles.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Equity investments are sensitive to market risks. The following table presents the decrease to comprehensive income (CI) as a result of potential adverse change in the key risk variable – the sector benchmark – for each equity mandate in the WCB's investment portfolio. Possible outcomes are estimated using the historical 5-year variability as measured by the standard deviation of each mandate.

	2021		2020	
Equities	% Change	CI Impact	% Change	CI Impact
	(1 Std Deviation)		(1 Std Deviation)	
Canadian	13.8%	$ (18,918)	15.9%	$ (34,053)
Global	11.4%	$ (24,920)	12.7%	$ (29,012)
Global hedged	14.3%	$ (11,870)	16.9%	$ (14,850)
Global low volatility	11.4%	$ (15,775)	12.7%	$ (17,593)
Global small cap	14.7%	$ (15,635)	18.9%	$ (20,271)
Emerging markets	12.8%	$ (17,024)	15.0%	$ (21,581)

Interest rate risk

Fluctuations in interest rates can impact the market value of the fixed-term investment portion of the portfolio. Interest rate risk is mitigated through diversification of the term to maturities to partially match the duration of the benefits liabilities of 8.9 years. The duration of the fixed income investments are as outlined in the following table.

Duration of bond portfolios (in years)	2021	2020
Long term bonds	16.3	16.4
Universe bonds	8.6	-
Synthetic mid-term provincial bonds	20.0	-
Synthetic federal real return bonds	45.4	-
Real return bonds	15.8	-
Opportunistic fixed income	4.2	5.1

The following table presents the effect of an increase in market interest rates for fixed income investments and the resulting decrease to comprehensive income.

0.5% change	2021 CI Impact	2020 CI Impact
Long term bonds	$ (41,281)	$ (46,074)
Universe bond fund	$ (360)	$ -
Synthetic mid-term provincial bonds	$ (3,091)	$ -
Synthetic federal real return bonds	$ (2,614)	$ -
Real return bond fund	$ (1,358)	$ -
Opportunistic fixed income[1]	$ (3,345)	$ (2,457)

[1] This fund holds debt securities that are outside of Canada. The holdings that are outside of Canada will not be impacted by a change in Canadian interest rates.

Currency risk

Currency risk is the risk of gain or loss due to movements in foreign currency rates as compared to the Canadian Dollar. To mitigate these risks, the WCB has an allocation of global equities invested in a global equity hedged fund to hedge approximately 15 per cent of the foreign currency denominated assets.

The following table presents the effect of a 10 per cent appreciation in the Canadian Dollar as compared to the US Dollar, Euro, Japanese Yen and British Pound and the decrease to comprehensive income.

Currency	2021 CI Impact	2020 CI Impact
USD	$ (69,217)	$ (48,428)
EURO	$ (4,783)	$ (4,404)
YEN	$ (2,880)	$ (3,120)
POUND	$ (1,316)	$ (1,584)

Credit risk

Credit risk with financial instruments arises from the possibility that the counterparty to an instrument may fail to meet its obligations. There could be increased credit risk on trade receivables if employers are not able to pay on their accounts. The WCB mitigates credit risk through a well-diversified portfolio with limited exposure to any one entity, industry or country, and a Statement of Investment Policies and Objectives that addresses asset mix and investment constraints with respect to the credit quality of short-term investments, fixed term investments, and foreign exchange forward contract counterparties.

The credit ratings of the WCB's fixed-income securities at December 31 are listed in the table below.

	2021		2020	
Credit Rating	Total	%	Total	%
AAA	$ 105,014	14.0%	$ 98,680	14.9%
AA	303,984	40.6%	279,846	42.4%
A	109,532	14.6%	116,069	17.6%
BBB	107,266	14.3%	100,863	15.3%
Below BBB/Not Rated	123,157	16.5 %	65,170	9.8%
Total	$ 748,953	100.0%	$ 660,628	100.0%

The WCB is also exposed to credit risk through its trade receivables. The risk is mitigated through assigned staff monitoring and collecting overdue accounts. Risk is reduced due to the large number of customers and their different geographic areas and industries. The allowance for doubtful accounts is reviewed and updated on a regular basis.

Liquidity risk

The WCB has contractual obligations and financial liabilities and therefore is exposed to liquidity risk. The WCB generally generates sufficient cash to meet obligations from revenue from employers. The WCB monitors its current and expected cash flow requirements to ensure it has sufficient cash and cash equivalents to meet its liquidity requirements short and long term. In addition, the WCB maintains a line of credit with its principal banker to meet potential short-term liquidity requirements.

The WCB's investment portfolio is well diversified in pooled funds that are primarily highly liquid. There were restrictions on the redemption of a portion of the portfolio invested with certain Canadian real estate holdings during a portion of the reporting period, with the restriction removed prior to the end of year. Further exceptions listed in the following table. Due to the absence of active markets and the contract terms the investments cannot be sold or converted easily to cash in a timely and cost-effective manner.

Mandate	December 31, 2021	December 31, 2020
Infrastructure[1]	$ 117,907	$ 69,770
Private equity[1]	221,749	102,242
Private debt[1]	17,337	3,158
Global real estate[1]	23,904	3,470
Hedge funds[2]	196,009	187,711
Total	$ 576,906	$ 366,351

[1] These funds are closed-end funds with a 12-14 year life expected to end between 2031 - 2034. The general partner has the option to extend the funds' lives by 1 year.

[2] The liquidity of this fund is subject to change but is estimated to be 66 per cent (2020 – 80 per cent) redeemable within 1 year of redemption request, 28 per cent (2020 - 8 per cent) within two years, 2 per cent (2020 - 9 per cent) within three years, and 4 per cent (2020 - 2 per cent) thereafter.

Fair value hierarchy

A fair value hierarchy is used to categorize valuation techniques used in the determination of fair value. Quoted market prices are categorized as Level 1, internal models using observable market information as inputs are Level 2, and internal models without observable market information as inputs are Level 3 reflecting assumptions about market pricing using the best internal and external information available.

The following fair value hierarchy table presents information about the financial assets measured at fair value on a recurring basis as of December 31st. There were no transfers between levels during either year.

2021	Level 1	Level 2	Level 3	Total
Short-term investments	$ 3,577	$ -	$ -	$ 3,577
Equities	-	816,424	221,749	1,038,173
Fixed term investments	-	731,616	17,337	748,953
Real estate	-	-	244,538	244,538
Hedge funds	-	-	196,009	196,009
Infrastructure	-	-	117,907	117,907
	$ 3,577	$1,548,040	$ 797,540	$2,349,157

2020	Level 1	Level 2	Level 3	Total
Short-term investments	$ 273	$ -	$ -	$ 273
Equities	-	919,641	102,242	1,021,883
Fixed term investments	-	657,470	3,158	660,628
Real estate	-	-	199,483	199,483
Hedge funds	-	-	187,711	187,711
Infrastructure	-	-	69,770	69,770
	$ 273	$1,577,111	$ 562,364	$2,139,748

Investments classified as level 2 represent units held in pooled funds operated by a number of fund managers and units held in synthetic bonds. The pooled funds are comprised of publically traded securities and fixed income holdings with observable market information with respect to value. Investments classified as Level 3 include units of pooled funds in private equity, private debt, real estate, hedge funds and infrastructure investments. Valuations are provided by the fund managers for financial reporting purposes. Valuation techniques are selected based on the characteristics of the investments, with the overall objective of maximizing market-based information. Management is responsible for ensuring the technique is appropriate in the circumstances.

2021 Source of Change in Value of Level 3 Investments	Private Equities	Real Estate	Hedge Funds	Infra-structure	Fixed Income	Total
Value December 31, 2020	$ 102,242	$ 199,483	$ 187,711	$ 69,770	$ 3,158	$ 562,364
Purchase of units	64,180	13,775	-	35,110	10,480	123,545
Unrealized gains	56,472	46,117	8,979	13,820	3,925	129,313
Sale of units	-	(13,775)	-	-	-	(13,775)
Investment management fees	(1,145)	(1,062)	(681)	(793)	(226)	(3,907)
Value December 31, 2021	$ 221,749	$ 244,538	$ 196,009	$ 117,907	$ 17,337	$ 797,540

2020 Source of Change in Value of Level 3 Investments	Private Equities	Real Estate	Hedge Funds	Infra-structure	Fixed Income	Total
Value December 31, 2019	$ 53,871	$ 196,213	$ 171,995	$ 59,210	$ -	$ 481,289
Purchase of units	25,425	2,850	-	3,800	2,280	34,355
Unrealized gains	23,626	4,098	16,575	7,354	934	52,587
Sale of units	-	(2,850)	-	-	-	(2,850)
Investment management fees	(680)	(828)	(859)	(594)	(56)	(3,017)
Value December 31, 2020	$ 102,242	$ 199,483	$ 187,711	$ 69,770	$ 3,158	$ 562,364

Concentration risk

The WCB has concentrations in countries other than Canada through investments in the global pooled funds, hedge fund, opportunistic fixed income fund, long bond fund, private equity and infrastructure totalling $1,928,231 at December 31 (2020 - $1,729,018). The WCB's most significant foreign country concentrations are summarized in the table below.

Significant exposure	2021		2020
United States	52.4%	United States	50.7%
China	5.6%	China	7.1%
United Kingdom	3.5%	Japan	3.7%
Japan	2.9%	United Kingdom	3.4%
France	2.4%	France	2.9%
All other global	33.2%	All other global	32.2%
	100.0%		100.0%

9. PROPERTY AND EQUIPMENT

	Land and Building[1]	Furniture and facilities	Equipment and computer hardware	Total
Historical cost				
Balance at Jan. 1, 2021	$ 4,923	$ 5,895	$ 3,280	$ 14,098
Additions	16	37	212	265
Disposals and retirements	-	(2,348)	(159)	(2,507)
Balance at Dec. 31, 2021	$ 4,939	$ 3,584	$ 3,333	$ 11,856
Depreciation and impairment				
Balance at Jan. 1, 2021	$ (2,754)	$ (3,605)	$ (2,126)	$ (8,485)
Current period depreciation	(193)	(1,007)	(478)	(1,678)
Impairment losses		(59)	(3)	(62)
Disposals and retirements		2,348	159	2,507
Balance at Dec. 31, 2021	$ (2,947)	$(2,323)	$ (2,448)	$ (7,718)
Carrying amount at Dec. 31, 2021	$ 1,992	$ 1,261	$ 885	$ 4,138

	Land and Building[1]	Furniture and facilities	Equipment and computer hardware	Total
Historical cost				
Balance at Jan. 1, 2020	$ 4,895	$ 6,119	$ 3,249	$ 14,263
Additions	58	368	486	912
Disposals and retirements	(30)	(592)	(455)	(1,077)
Balance at Dec. 31, 2020	$ 4,923	$ 5,895	$ 3,280	$ 14,098
Depreciation and impairment				
Balance at Jan. 1, 2020	$ (2,561)	$ (3,123)	$ (2,086)	$ (7,770)
Current period depreciation	(223)	(1,040)	(492)	(1,755)
Impairment losses	-	(34)	(3)	(37)
Disposals and retirements	30	592	455	1,077
Balance at Dec. 31, 2020	$ (2,754)	$(3,605)	$ (2,126)	$ (8,485)
Carrying amount at Dec. 31, 2020	$ 2,169	$ 2,290	$ 1,154	$ 5,613

[1] Includes $155 cost of the land which has an indefinite useful life and is not depreciated.

Right of use assets

Included in Furniture and Facilities are right of use assets for office space and included in Equipment and Hardware are right of use assets for office copiers and postal equipment where the WCB is a lessee. WCB has right to use assets totalling $545 at December 31 (2021 – $1,255).

10. INTANGIBLE ASSETS

	Acquired software	Internally generated software	Total
Historical cost			
Balance at Jan. 1, 2021	$ 670	$ 38,909	$ 39,579
Additions	215	676	891
Disposals and retirements	-	(130)	(130)
Balance at Dec. 31, 2021	$ 885	$ 39,455	$ 40,340
Depreciation and impairment			
Balance at Jan. 1, 2021	$ (590)	$ (10,357)	$ (10,947)
Current period depreciation	(85)	(4,119)	(4,204)
Impairment losses		(4)	(4)
Disposals and retirements	-	130	130
Balance at Dec. 31, 2021	$ (675)	$(14,350)	$ (15,025)
Carrying amount at Dec. 31, 2021	$ 210	$ 25,105	$ 25,315

	Acquired software	Internally generated software	Total
Historical cost			
Balance at Jan. 1, 2020	$ 697	$ 38,029	$ 38,726
Additions	-	880	880
Disposals & retirements	(27)	-	(27)
Balance at Dec. 31, 2020	$ 670	$ 38,909	$ 39,579
Depreciation and impairment			
Balance at Jan. 1, 2020	$ (561)	$ (6,039)	$ (6,600)
Current period depreciation	(56)	(4,318)	(4,374)
Impairment losses	-	-	-
Disposals & retirements	27	-	27
Balance at Dec. 31, 2020	$ (590)	$(10,357)	$(10,947)
Carrying amount at Dec. 31, 2020	$ 80	$ 28,552	$ 28,632

11. POST-EMPLOYMENT BENEFITS

The WCB provides post-employment benefits other than pensions (Note 21) consisting of retirement allowances, post-employment life insurance, dental and medical programs. An actuarial valuation was performed as at December 31, 2021.

The significant actuarial assumptions adopted in measuring these accrued benefit obligations (ABO) as at December 31 are as follows:

	2021	2020
Discount rate, benefits expense for the year	3.45%	2.85%
Discount rate, accrued benefit obligation	3.45%	2.85%
Expected health care costs trend rate; decreasing linearly to an ultimate rate of 3.6% in 2040	5.66%	6.00%
Drug claim increases trend rate; decreasing linearly to an ultimate rate of 3.6% in 2040	5.66%	6.00%
Dental cost escalation	3.60%	3.60%
Retirement age assumption (a)	Later of 59 years and full eligibility	59 years

Costs Arising in the Period	2021	2020
Current service costs	$ 1,596	$ 1,353
Interest costs	1,032	1,000
Total employee future benefits expense	$ 2,628	$ 2,353

Accrued Benefit Obligation	2021	2020
Beginning of year	$ 34,840	$ 29,552
Total employee future benefits expense	2,628	2,353
Actuarial (gains) losses on ABO through OCI (b)	(10,420)	3,221
Regular benefits paid	(413)	(286)
End of year	$ 26,635	$ 34,840

a) Full eligibility is the earliest of age 55 with 2 years of service (10 years if hired on or after October 1, 2018) and the earliest unreduced age under the Public Service Super Annuation Act.

b) The net actuarial gain of $10,420 as at December 31, 2021 arises from the recognition of updated claims and premium experience, a gain due to an increase in the discount rate, a gain due to the change in the assumption portion of members electing family health and dental coverage upon retirement, a gain due to plan demographics, a gain due to the change in attribution period for employees hired on or after October 1, 2018 offset by a loss due to the change in the assumed retirement age. The actuarial loss of $3,221 as at December 31, 2020 is due to a change in the discount rate.

c) Estimates are highly sensitive to changes in discount rates and health care cost trends.

The table below provides sensitivity for changes to the discount rate or the assumed health care cost trend rates with resulting increases (decreases) to Comprehensive Income (CI).

	2021 CI Impact	2020 CI Impact
1% decrease in the discount rate	$ (7,204)	$(10,211)
1% increase in the discount rate	$ 5,269	$ 7,340
1% decrease in the assumed health care cost trend rate	$ 4,796	$ 7,204
1% increase in the assumed health care cost trend rate	$ (6,400)	$ (9,897)

12. BENEFITS LIABILITIES

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabil--itation	Subtotal	Claims Administration	Total 2021
Balance, beginning of year	$ 141,197	$ 1,248,209	$ 107,698	$ 447,442	$ 5,943	$ 1,950,489	$ 117,030	$ 2,067,519
Growth in present value of benefit liabilities	6,221	63,439	5,362	21,496	262	96,780	5,807	102,587
Change Method/Assumptions (a)	-	(22,965)	(175)	-	-	(23,140)	(1,389)	(24,529)
Actuarial experience Adjustments (b)	10,571	94,337	3,465	(26,490)	(1,951)	79,932	4,796	84,728
Total growth	16,792	134,811	8,652	(4,994)	(1,689)	153,572	9,214	162,786
Claims costs incurred	57,215	108,395	1,347	66,064	767	233,788	14,028	247,816
Less: Claims payments made	(61,254)	(127,775)	(10,521)	(61,696)	(882)	(262,128)	(15,728)	(277,856)
Balance, end of year	$ 153,950	$ 1,363,640	$ 107,176	$ 446,816	$ 4,139	$ 2,075,721	$ 124,544	$ 2,200,265

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabil-itation	Subtotal	Claims Administration	Total 2020
Balance, beginning of year	$ 127,560	$ 1,245,116	$ 111,721	$ 432,993	$ 7,530	$ 1,924,920	$ 115,495	$ 2,040,415
Growth in present value of benefit liabilities	5,384	63,328	5,601	20,824	352	95,489	5,729	101,218
Actuarial experience Adjustments (b)	19,308	(39,364)	(1,404)	(9,415)	(1,941)	(32,816)	(1,968)	(34,784)
Legislative Change (c)	2,067	3,016	99	4,017	89	9,288	557	9,845
Total growth	26,759	26,980	4,296	15,426	(1,500)	71,961	4,318	76,279
Claims costs incurred	48,651	97,095	2,014	55,315	786	203,861	12,232	216,093
Less: Claims payments made	(61,773)	(120,982)	(10,333)	(56,292)	(873)	(250,253)	(15,015)	(265,268)
Balance, end of year	$ 141,197	$ 1,248,209	$ 107,698	$ 447,442	$ 5,943	$ 1,950,489	$ 117,030	$ 2,067,519

a) In 2021, the assumption for average age at accident for future extended earnings replacement awards increased from 46 to 47 and average age at accident for future permanent awards increased from 47 to 48.

b) Actuarial experience adjustments represent the difference between what was predicted based on the actuarial assumptions and methods used in the prior valuation and what actually occurred in the year. In 2021, actuarial experience adjustments increasing the benefits liabilities totalled $84,728.

- A net increase of $77,600 as a result of higher than expected volume and cost of new Extended Earnings Replacement Benefits and new Permanent Impairment Benefits and new Survivor awards.
- A net increase of $8,900 as a result of higher than anticipated inflation on awards in pay.
- A net increase of $8,300 as a result of a changes in the provision for future EERBs.
- A net increase of $6,322 as a result of a change in provision for occupational disease awards.
- A net increase of $4,438 as a result of changes in the provision for future administrative costs.
- net increase of $3,000 as a result of changes in actual payments across all benefit categories being higher than expected.
- A net decrease of $18,500 for changes in claiming patterns across all benefit categories, primarily related to medical aid.
- A net decrease of $5,000 as a result of mortality experience.
- Other accumulated actuarial adjustments resulted in a net decrease of $332.

Actuarial experience adjustments represent the difference between what was predicted based on the actuarial assumptions and methods used in the prior valuation and what actually occurred in the year. In 2020, actuarial experience adjustments decreasing the benefits liabilities totalled $34,784.

- A net decrease of $25,700 as a result of lower than expected volume and cost of new Extended Earnings Replacement Benefits and New Permanent Impairment Benefits and new survivor awards.
- A net decrease of $7,800 as a result of lower than anticipated inflation on awards in pay.
- A net decrease of $5,400 as a result of mortality experience.
- A net decrease of $1,968 as a result of changes in the provision for future administrative costs.
- A net increase of $4,200 for changes in claiming patterns across all benefit categories.
- A net increase of $1,500 as a result of changes in actual payments across all benefit categories being higher than expected.
- A net increase of $700 as a result of a change in provision for occupational disease awards.
- Other accumulated actuarial adjustments resulted in a net decrease of $316.

c) On October 30, 2020, Bill 204 expanded presumptive cancer benefits for volunteer firefighters, resulting in an adjustment to benefits liabilities of $9,845.

The Actuarial Standards Board requires workers' compensation organizations to include an estimation of liabilities for occupational disease during the latency period rather than when the occupational disease is confirmed through diagnosis. The liability for latent occupational disease is estimated at $104,775 and is included in the total benefits liability for 2021 (2020 - $98,453).

Actuarial Assumptions and Methods

In 2021 and 2020, all liabilities were calculated using an underlying assumption of 3.25 per cent and real rate of return on assets and a rate of increase in the CPI equal to 2.00 per cent. The gross rate of return that results from the CPI and the real rate of return assumptions is 5.25 per cent. The inflation assumptions and the resulting net interest rates are presented below:

2021 and 2020 Category	Expected Inflation	Resulting Inflation Rate	Resulting Net Interest Rate
Supplementary Benefits (LTD)	0.50% + CPI	2.50%	2.75%
All other LTD, Survivor Pensions	50% * CPI	1.00%	4.25%
Health Care	2.25% + CPI	4.25%	1.00%
All Others	CPI	2.00%	3.25%

General Statement – Given the statutory nature of its operations, the Board adopts a long-term view for running its business. A long-term perspective avoids overreaction to what may be a temporary trend and provides for more stable assessment rates. Economic assumptions are chosen to be consistent with the Board's approved investment and funding strategies, both of which consider very long-term trends. Demographic assumptions are chosen to reflect the Board's actual underlying experience. Given the significant statistical volatility associated with workers' compensation benefits, demographic assumptions are not updated each year in response to emerging experience. Rather, they are updated over time once enough experience is available to credibly suggest that deviations are due to actual trends rather than statistical fluctuations.

Consumer Price Index – The 2.00 per cent assumption for 2021 (2020 – 2.00 per cent) for the rate of increase in CPI is chosen to be consistent with assumptions used by the Bank of Canada inflation controlled target rate of range of 1.00 to 3.00 per cent. This rate is consistent with long-term averages and assumptions on the assets backing the benefits liabilities.

Real Rate of Return –The 3.25 per cent real rate of return assumption for 2021 (2020 – 3.25 per cent) was chosen to be consistent with the Board's funding and investment strategies. It is based on expected long-term real return on the assets backing the benefit liabilities. Analysis of historical returns by Board staff has shown that percentage appears to be a reasonable and prudent real return target (after investment expenses) given the Board's strategic asset allocation within the investment portfolio.

Gross Rate of Return – The gross rate of return assumption is derived as the sum of the Board's CPI and real rate of return assumptions. Given the 2021 assumptions for CPI of 2.00 per cent (2020 – 2.00 per cent) and real rate of return of 3.25 per cent (2020 – 3.25 per cent), the gross rate of return assumption is 5.25 per cent (2020 – 5.25 per cent).

Benefit Inflation – The inflation rates assumed for the specific benefit categories are based on their relation to general consumer price inflation, as follows:

LTD & Survivor Benefits – The Act specifies indexing for these benefits at a rate equal to 50 per cent of the change in the CPI. The assumption is 50 per cent of CPI or 1.00 per cent (i.e. 50 per cent of 2.0 per cent); (2020 – 1.00 per cent).

Medical Aid Benefits – The cost of medical care has historically increased at rates exceeding the general rate of inflation. To account for this, the assumption is that increases due to medical inflation and utilization will be 2.25 per cent higher than the general rate of inflation. As a result, medical inflation assumption is 4.25 per cent (i.e. 2.25 per cent + 2.00 per cent); (2020 – 4.25 per cent). The appropriateness of this rate is monitored on a regular basis.

Supplementary Awards – Supplementary awards provide an income tested benefit to certain claimants injured prior to March 23, 1990. The assumption is that indexing for supplementary awards will be 0.50 per cent higher than the general rate of inflation, or 2.50 per cent (2.00 per cent + 0.50 per cent); (2020 – 2.50 per cent). Past reviews of supplementary award experience has shown this assumption to be adequate.

All Other Benefits – All other benefits are subject to general inflation; therefore utilizing the same assumption as used for CPI (i.e. 2.00 per cent); (2020 – 2.00 per cent).

Future Administration – Future administrative expenses are assumed to be equal to 6.00 per cent of future benefit payments. This assumption is based on an internal review of past administrative expenses conducted by Board staff and is assessed each year to ensure that it remains appropriate.

Occupational Disease – The valuation includes a provision for all recognized occupational diseases that are expected to arise from past workplace exposures. The 2021 assumption is 5.00 per cent (2020 – 5.00 per cent) of the benefits liabilities and reflects changes to the *Act* to provide mandatory coverage to volunteer firefighters and previously this coverage was available on a volunteer basis. The amendment to the *Act* was effective October 30, 2020. In past valuations, occupational disease claims were recognized upon diagnosis of the covered occupational disease.

Mortality – Mortality for permanent awards is based on the 1983 Group Annuitant Mortality Table (GAM 1983) with a 10.00 per cent margin (i.e. mortality rates are reduced by 10.00 per cent to reflect on-going increases in life expectancy). This table was selected based on the results of a study of the Board's mortality experience conducted during 2010. The study concluded that this table is reasonable based on the number of deaths that occurred among the injured worker population over the past several years.

Future Permanent Awards – Future Extended Earnings Replacement Benefits (EERB) and Permanent Impairment Benefit (PIB) awards are assumed to occur in accordance with claims run-off tables. These run-off tables are based on the past claims patterns for the Board and are updated from time to time as emerging experience dictates. The run-off tables currently in use for EERB awards were developed for the 2008 valuation. In 2017, the run off tables for PIBs were updated to reflect increasing PIB experience. The average accident age for future EERB awards is 47 years, up from 46 years in 2020. The average accident age for future PIB awards is 48 years, up from 47 years in 2020. Each year, actual claim experience is compared to that expected by the table and minor experience adjustments are implemented when warranted.

Sensitivity Analysis of Insurance Risk

The benefit liabilities determined in the report are estimated using many actuarial assumptions. The two most significant assumptions are the long-term real rate of return (3.25 per cent) and the long-term inflation rate (2.00 per cent). The liability estimates are highly sensitive to small changes in these assumptions. The following table provides examples of their sensitivity along with the implied investment rate for the test.

Section 5460 of the actuarial standards of practice for Public Personal Injury Compensation Plans requires that plans (at minimum) provide sensitivity testing for certain specified scenarios. These mandated scenarios are tested, along with other plausible scenarios, in the table below. The scenarios tested can be summarized as follows:

1. Scenario 1 tests the impact of a 1.00 per cent decrease in the assumed rate of investment earnings.
2. Scenario 2 provides an integrated test of the impact of a high inflation, low real rate of return environment.
3. Scenario 3 shows the impact of using a discount rate that is equal to the expected rate of return earned on a hypothetical fixed income portfolio, consisting of high-quality bonds of pertinent duration (can also be thought of as a market value based measurement of the liabilities).
4. Provides the impact of a 1.00 per cent increase in the assumed healthcare inflation rate.

Sensitivity of Valuation Assumptions

	Assumptions			Change to Liabilities and Incurred Claims		
	Real Return	Inflation	Investment	Effect	Liabilities	Incurred Claims
1	2.25%	2.00%	4.25%	Increase	$ 170,022	$ 17,728
2	2.25%	3.00%	5.25%	Increase	$ 118,336	$ 13,280
3	0.90%	1.80%	2.70%	Increase	$ 460,322	$ 47,874
4 Increase Health Care Inflation Rate by 1.00%				Increase	$ 55,988	$ 4,527

Claims Risk Management

(a) Managing insurance risk

The WCB has an objective to manage claims risk. In addition to the inherent uncertainty of claims risk, which can lead to significant variability in the loss experience, performance from operations are significantly affected by factors external to the WCB.

Insurance risk associated with the volume and cost of claims is managed by focusing on performance at the system level, the industry level and the employer level. The balanced scorecard includes corporate performance measures for financial and operational results. Annually, these metrics are linked to the funding strategy and go through a targeting exercise where corporate targets are developed. Metrics are tracked and reported to the Board of Directors quarterly.

At the industry level, Integrated Service Teams are aligned by industry, in order to focus on a single industry, and add value from an injury prevention and return-to-work perspective. Work includes assisting the industry safety associations to understand the trends in their industries and target areas where value can be added. At the employer level, employer injury rate and trends are used to identify those employers that could improve results from a prevention and return-to-work perspective. In addition, the rate-setting model provides incentives through Experience Rating for employers to manage injuries and work to prevent future injuries.

(b) Concentration of insurance risk

A large proportion of the covered workers are employed in a relatively small number of workplaces. These workplaces receive more personalized services through Integrated Service Teams, including relationship management, prevention and return-to-work consulting. In addition to focusing on workplaces with a large number of employees, the Nova Scotia Department of Labour, Skills and Immigration is provided with data to allow targeted occupational health and safety inspections.

Claims Development Table

The following claims development table is a required disclosure under International Financial Reporting Standards. The top section of the table shows the total dollar amount expected to be paid on claims incurred in the accident year as estimated at various times. Note that claims paid are referred to as "cash flows" in the table so to be clear that these figures do not include discounting.

To put the top section of the table in context, consider the entry in accident year 2012, and year of estimate 2012 (i.e. $292,523). This figure was the estimated total cash flows expected to be paid on accidents in 2012, as measured at December 31, 2012. The amount in accident year 2012, and year of estimate 2021 (i.e. $191,879) provides the same figure re-estimated at a later date. Estimated cash flows in respect of individual accident years will continue to change over time to the extent there are changes in actuarial assumptions and experience is different than expected.

The lower section of the table shows the development of the liability (or present value of future cash flows associated with each accident year) for accident years 2012 through 2021, as well as the liability for accident years prior to 2012.

		Accident Year										
	Year of Estimate	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
Estimated Total Cash Flow (including Past and Future Cash Flows)	2012	$ 292,523										$ 292,523
	2013	280,830	$ 308,160									588,990
	2014	242,790	275,937	$ 293,068								811,795
	2015	227,030	258,543	275,718	$ 293,116							1,054,407
	2016	218,202	253,355	259,320	287,475	$ 309,241						1,327,593
	2017	201,626	235,571	241,904	260,226	282,282	$ 299,129					1,520,738
	2018	204,077	241,034	237,833	257,554	274,944	299,625	$ 322,735				1,837,802
	2019	201,232	234,716	228,728	249,629	255,353	276,400	306,018	$ 320,637			2,072,713
	2020	196,548	229,409	225,190	243,714	252,742	268,077	299,132	315,688	$ 332,965		2,363,465
	2021	191,879	228,632	229,960	241,039	259,661	291,813	328,299	331,960	334,081	$ 356,472	2,793,796
Current (2021) Estimate of Total Cash Flow		191,879	228,632	229,960	241,039	259,661	291,813	328,299	331,960	334,081	356,472	2,793,796
Total Cash Flows Paid to December 31, 2021		-110,442	-120,952	-108,099	-107,976	-105,583	-104,431	-109,253	-92,497	-62,249	-30,355	-951,837
Estimated Future Cash Flows		81,437	107,680	121,861	133,063	154,078	187,382	219,046	239,463	271,832	326,117	1,841,959
Impact of Discounting		-30,098	-38,958	-46,968	-50,705	-59,266	-70,814	-81,701	-89,500	-104,280	-118,652	690,942
Liability in Respect of Accident Years 2012 to 2021		$ 51,339	$ 68,722	$ 74,893	$ 82,358	$ 94,812	$ 116,568	$ 137,345	$ 149,963	$ 167,552	$207,465	1,151,017
Liability for Accident Years 2010 and prior												825,860
Claims Administration												118,613
Latent Occupational Disease Provision												104,775
Benefits liabilities as at December 31, 2021												$ 2,200,265

13. ASSESSMENT REVENUE

	2021	2020
Assessed employers	$ 337,578	$ 308,772
Practice incentive rebates and surcharge refunds	(2,960)	(2,941)
Assessment revenue	334,618	305,831
Administration fee revenue		
Self-insured employers (Note 17)	7,777	8,108
Revenue from employers	$ 342,395	$ 313,939

Practice incentive rebates and surcharge refund programs are voluntary and offer refunds and rebates to those registered workplaces that have met certain eligibility requirements. They are payable in the following year.

14. ADMINISTRATION COSTS

	2021	2020
Salaries and staff expense	$ 43,510	$ 41,592
Professional, consulting and service fees	7,221	6,111
Services contracted	3,942	5,449
Depreciation	5,189	5,370
Building operations	2,588	2,686
Communications	761	687
Supplies	595	677
Travel and accommodations	270	242
Training and development	234	237
	64,310	63,051
Change in liability for future administration costs (Note 12)	(1,700)	(2,783)
	$ 62,610	$ 60,268

15. SYSTEM SUPPORT

System support costs are costs associated with providing support and funding for the Workplace Safety Insurance System (WSIS) agencies and the Office of the Employer Advisor and the Office of the Worker Counsellor. Both offices are focused on helping stakeholders interact with Workplace Safety and Insurance System agencies.

16. LEGISLATED OBLIGATIONS

	2021	2020
Occupational Health and Safety	$ 13,440	$ 11,073
Workers' Advisers Program	3,168	3,230
Workers' Compensation Appeals Tribunal	1,925	2,022
	$ 18,533	$ 16,325

The WCB is required by the *Act* to reimburse the Province of Nova Scotia for part of the operating costs of the Occupational Health and Safety Division of the Nova Scotia Department of Labour, Skills and Immigration.

The Workers' Advisers Program (WAP) offers legal advice and assistance to eligible injured workers on workers' compensation matters. The WAP operates autonomously from the WCB. The WCB is required by the *Act* to absorb the operating costs of the WAP.

Combined with the Workers' Advisers Program are the Injured Workers' Associations which provide advice and assistance to workers on workers' compensation issues. The WCB is required by the *Act* to provide funding to Injured Workers' Associations on such terms and conditions as the Minister of the Nova Scotia Department of Labour, Skills and Immigration deems appropriate, or the Governor in Council prescribes.

The Workers' Compensation Appeals Tribunal (WCAT) is an independent organization formed to hear appeals of workers' compensation claims and assessment decisions. The WCB is required by the *Act* to absorb the operating costs of the WCAT.

17. SELF-INSURED EMPLOYERS

Self-insured employers - federal and provincial government bodies directly bear the costs of their own incurred claims. The WCB administers these claims and charges self-insured employers an administration fee based on their pro-rata share of WCB administration costs and it is included in revenue on the Statement of Comprehensive Income.

The benefits liabilities related to self-insured employers have not been included in the WCB's benefits liabilities account. Section 134.3 of the Act references that self-insured employers are liable individually to pay an amount based on the cost of claims plus administrative costs incurred by the Board with respect to those claims.

As these liabilities will be borne by those employers when paid in future years, they do not add to the WCB's unfunded liability.

During the year, the following administration fee revenue and claims cost reimbursements were levied:

	2021	2021
Administration fee revenue	$ 7,777	$ 8,108
Claims cost reimbursements		
Short-term disability	$ 11,207	$ 10,370
Long-term disability	16,897	15,665
Survivor benefits	3,003	3,115
Health care	9,565	7,498
	$ 40,672	$ 36,648

18. RELATED PARTY TRANSACTIONS

The WCB provides self-insured coverage to provincial government agencies and departments. The Province is considered a related party as the Province administers the *Act* through which the WCB is governed. The Province, as a self-insured employer, reimburses the WCB for its own incurred claims and a share of WCB administration costs. The amounts included in Note 17 for the Province of Nova Scotia are as follows:

	2021	2020
Administration fee revenue	$ 2,446	$ 2,245
Claims costs recoveries	$ 7,451	$ 6,363

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The balances due from the Province of Nova Scotia are non-interest bearing and under normal credit terms. At December 31, 2021, the amount receivable from the Province of Nova Scotia was $4,305 (2020 - $1,566) for claims payments made and administration costs.

Key management personnel of the WCB (CEO, Vice Presidents, CFO, Directors and the Board of Directors) are deemed related parties. In addition, close family members of the key management personnel are also related parties of the WCB. There were no transactions or relationships with these related parties, with the exception of salaries and benefits shown below, that require disclosure.

WCB Salaries and Benefits (in actual dollars)

	2021						2020	
	Number of Individuals	Salary	Benefits	Other	Total	Notes	Number of Individuals	Total
Chair, Board of Directors	1	$ 22,553	$ 100	$ -	$ 22,653		1	$ 31,740
Acting Chair	1	6,667	-	-	6,667		-	-
Board of Directors	8	138,166	6,815	-	144,981		9	135,493
	10	167,386	6,915	-	174,301	1	10	167,233
Chief Executive Officer	1	306,116	17,749	31,709	355,574		1	340,729
VP People and Strategy	1	180,176	28,169	11,286	219,631		1	212,791
VP Service Excellence	1	180,176	25,985	7,821	213,982		1	209,425
VP Prevention and Return to Work	1	151,351	24,883	4,356	180,590		-	-
AVP Strategy and Technology	1	147,402	24,418	4,356	176,176		-	-
Chief Financial Officer	1	147,402	24,416	4,356	176,174	2	-	85,938
Chief Financial Officer	-	-	-	-	-	3	1	183,928
	6	1,112,623	145,620	63,884	1,322,127		4	1,032,811
Staff Salaries & Benefits	472	32,721,147	6,021,899	747,267	39,490,313	4	470	38,141,501
Average 2021-$84,048; 2020-$80,885								
Post-employment Benefits			2,648,862		2,648,862			2,350,965
Administration-Salaries & Benefits	488	$ 34,001,156	$ 8,823,296	$ 811,151	$ 43,635,603	5	484	$ 41,692,510

1 The Chair's/Acting Chair's combined remuneration was based on a daily per diem allowance of $300 in addition to an honorarium of $20,000 annually, to a maximum of $50,000 per year. The former Chair's term ended July 18, 2021. The Deputy Chair was the Acting Chair and received the Chair's rate of remuneration until November 10, 2021 when a new Chair was appointed. All other Board members received a daily allowance of $300 for attendance at Board meetings and related work. In addition to the per diem, the Deputy Chair received an honorarium of $3,000 per annum and the Committee Chairs received an honorarium of $2,000 per annum.

2 An acting Chief Financial Officer was appointed effective May 11, 2020 and was appointed as Chief Financial Officer effective October 1, 2020.

3 The Chief Financial Officer retired June 30, 2020.

4 This figure represents the average number of employees on payroll during the fiscal year.

5 Salary includes regular base pay, and settlement provisions of the collective agreement. Benefits include the employer's share of the employee benefits – CPP, EI, pension, health/dental, life insurance and long-term disability. 'Other' includes vacation payout and travel allowance. Total salaries and benefits in 2021 of $43,635,603 (2020 - $41,692,510) varies by $125,378 (2020 - $100,761) from Note 14 in the financial statements due to travel allowance disclosed in 'Other', which is posted to 'Travel and accommodations'.

19. INDUSTRY LEVIES

As a result of Orders-in-Council or agreements with the industry associations, the WCB has levied a surcharge against the industries listed below to fund a portion of the operating costs of health and safety programs conducted by the industries. The amounts collected have been disbursed as directed by the Orders-in-Council or agreements with the industry associations. As the funds collected on behalf of these industries are not those of the WCB, they have not been included as revenue or costs in the Statement of Comprehensive Income.

Industry	Payee	2021	2020
Construction	Nova Scotia Construction Safety Association	$ 2,432	$ 1,951
Fishing	Fisheries Safety Association of Nova Scotia	385	392
Trucking	Nova Scotia Trucking Safety Association	383	314
Forestry	Forestry Safety Society	151	154
Auto Retailers	Nova Scotia Automobile Dealers' Safety Association	121	116
Retail Gasoline	Retail Gasoline Dealers' Association	34	31
		$ 3,506	$ 2,958

20. COMMITMENTS

Leases

The WCB leases office space which has been recorded in the financial statements as right of use assets.

The WCB also has right of use asset leases for various items of equipment. Lease terms range from 3 to 5 years and have no terms of renewal, purchase options or escalation clauses. Leased equipment assets are pledged as collateral for the related right of use assets.

The maturity analysis of all lease liabilities at December 31 is as follows:

	Within one Year	Within one to five years	Total
2021			
Lease payments (principal and interest)	$ 217	$ 357	$ 574

	Within one Year	Within one to five years	Total
2020			
Lease payments (principal and interest)	$ 758	$ 548	$ 1,306

The WCB's liquidly risk inherent in the maturity of lease liabilities is low. The WCB has a capital management plan to fund current operations. See note 22 for further details.

The future aggregate minimum lease payments relating to leases that are short-term or low-value in nature for payments not included in the measurement of lease liabilities is as follows:

	2021	2021
Within 1 year	$ 252	$ 1,058
More than 1 year and up to 5 years	462	713
Later than 5 years	-	-
Total	$ 714	$ 1,771

Investment Commitments

There are undrawn investment commitments for certain limited partnerships and pooled funds. See Note 7 *"Investments"*.

21. EMPLOYEE PENSION PLAN

Employees of the WCB participate in the Public Service Superannuation Fund (Plan), a contributory pension plan administered by the Pension Services Superannuation Plan Trustee Incorporated, which provides pension benefits based on length of service and earnings. Contributions to the Plan are required by both employees and the WCB. Total WCB employer contributions for 2021 were $2,852 (2020 – $2,853) and are recognized as an expense in the period. The WCB is not obligated for any unfunded liability, nor does the WCB have entitlement to any surplus that may arise in this Plan.

22. CAPITAL MANAGEMENT

The capital management objective reflects the mandate to pay benefits and to ensure the long-term financial sustainability of the Workers' Compensation System. The funding strategy outlines the WCB's planned approach to secure financial obligations of current and future benefits to workers and operations. Funding of the Workers' Compensation System requires consideration of a number of complex variables and assumptions (rates, benefits, funding period and investment returns).

The WCB monitors the funded and unfunded status based on the funding percentage. The funding percentage calculated by the ratio of total assets to total liabilities is 106.4 per cent (2020 – 102.9 per cent).

23. SUBSEQUENT EVENT

Effective July 1, 2022, amendments to the Firefighters' Compensation Regulations expand the number of cancers with presumptive benefits from six to 19, and also expand coverage to include heart attacks that occur within 24 hours of an emergency call. This is estimated to result in an adjustment to the benefits liabilities of $67.4 million. The Province of Nova Scotia is directly funding the initial liability and the new claims costs for the three years, totalling $80.6 million.

ECKLER

We have completed an actuarial valuation of the benefit liabilities for insured employers under the *Workers' Compensation Act of Nova Scotia* (the *"Act"*) as at December 31, 2021, for the purpose of providing input to the Financial Statements of the Workers' Compensation Board of Nova Scotia (the "Board"). The valuation is in respect of assessed firms only, and does not include any provision for future payments in respect of self-insured firms

Our estimate of the benefits liabilities of $2,200,265,000 represents the actuarial present value at December 31, 2021, of all expected health-care payments, short-term disability benefits, long-term disability benefits, survivor benefits, rehabilitation and other payments which will be made in future years, and which relate to claims arising from events which occurred on or before December 31, 2021. The liabilities include a provision for future administrative expenses. The liabilities also include a provision for potential occupational diseases in the latency period. No allowance has been made in these liabilities for any future deviations from the present policies and practices of the Board or for the extension of new coverage types.

Data required for the valuation has been provided by the Board. We have reviewed the valuation data to test for reasonableness and consistency with the data used in prior years.

The liabilities have been allocated into six categories, namely: short-term disability; long-term disability; survivors' benefits; health care; rehabilitation and administration.

All liabilities have been calculated using underlying assumptions of 3.25% per annum for the real rate of return on invested assets and 2.00% per annum for the rate of increase in the Consumer Price Index. These assumptions are consistent with those in the Board's approved funding and investment strategies.

The CPI assumption equates to inflation rates for indexing benefits of 1.00% per annum in respect of long-term disabilities and permanent survivor benefits, because indexing for these benefits is specified under the Act as 50% of the rate of increase in the Consumer Price Index.

Liabilities in respect of permanent long-term disability and survivor benefits in-pay have been determined by projecting cash flows on an individual claimant basis using mortality as the only decrement.

Liabilities in respect of future permanent long-term disability and survivor benefits awards have been determined based on factors developed from historical patterns of permanent awards, and using mortality and valuation interest rate assumptions identical to those used in determining the existing pension and long-term disability liabilities.

The liabilities in respect of short-term disability, health care, rehabilitation and the non-permanent portion of survivors' benefits have been determined from projections of future claim payments. These projections have been based on continuation of recent payment patterns by years since the injury. An inflation rate of 2.00% per annum has been used to project future cash flows for short-term disability claims, rehabilitation, and the non-permanent portion of survivors' benefits. For health care, an inflation rate of 4.25% per annum was used, reflecting the greater expected inflation and utilization rate for this benefit category.

We are not aware of any events subsequent to the valuation date that would have a material impact on our liability calculations. We consider the COVID-19 pandemic and its consequences to be an on-going event with regard to our work on the December 31, 2021 benefit liability valuation. Adjustments to the data provided by the Board were made, based on discussions with Board staff. The emerging impact of COVID-19 on the Board's liabilities will continue to be assessed and reflected in future valuations.

It is our opinion that:

- the data on which the valuation is based are sufficient and reliable for the purpose of the valuation;
- the assumptions are appropriate for the purpose of the valuation;
- the methods employed in the valuation are appropriate for the purpose of the valuation; and
- the amount of the benefits liabilities makes appropriate provision for all personal injury compensation obligations and the financial statements fairly present the results of the valuation.

Our valuation report has been prepared and our opinions have been given in accordance with accepted actuarial practice in Canada.

Further information on the data, assumptions, methods, and valuation results can be found in our actuarial valuation report.

Jeff Turnbull,
FSA, FCIA

Scott Mossman,
FSA, FCIA

WORK SAFE. FOR LIFE.
WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

OUR VISION

Nova Scotians – safe and secure from workplace injury.

OUR MISSION

We set the standard for workplace injury insurance. We inform and inspire Nova Scotians in the prevention of workplace injury, but if it occurs, we support those whose lives it touches by championing a timely return to safe and healthy work.

OUR GOALS

Working in collaboration with workers, employers and our partners, the WCB's goals are to:

- Build a **workplace safety culture**
- Improve outcomes for **safe and timely return to work**
- Be **financially stable and sustainable**
- **Expand strategic relationships** to enhance the commitment to workplace health and safety and return to work across the province
- Provide **excellent and efficient service,** leveraging technology to meet worker and employer expectations.

OUR VALUES

Employees of the WCB model three corporate values:

- **Can-do Attitude**
  We will deliver on our promises and provide top-notch service.
- **Safety Champion**
  We will be a champion for workplace safety through our relationships and innovative solutions, and by keeping prevention and return to work at the heart of our business.
- **Caring and Compassionate**
  We will strive to walk a mile in workers' and employers' shoes. We will serve as we like to be served and provide those we serve with the respect and support they need to be successful.

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