CAUTION

WORK SAFE. FOR LIFE.

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

ANNUAL REPORT 2004

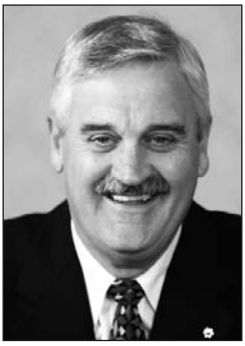
YEAR AT-A-GLANCE

(Dollar amounts in millions)

	2004	2003	2002
Number of Claims Registered	**34,166**	33,674	33,874
Number of Compensable Time-loss Claims Registered	**9,298**	8,996	8,769
Average Claim Duration - AWCBC Composite Method (days)	**107.8**	100.5	94.2
Targeted Average Assessment Rate (per $100 of assessable payroll)	**$2.57**	$2.54	$2.54
Actual Average Assessment Rate	**$2.59**	$2.58	$2.50
Total Assessable Payroll (billions)	**$7.4**	$7.1	$6.8
Total Assessment Revenue	**$223.7**	$216.1	$201.5
Total Investment Income	**$25.2**	$38.4	$27.3
Total Assets	**$939.5**	$844.7	$780.8
Total Administration Costs	**$31.7**	$28.2	$26.5
Legislated Obligations	**$9.5**	$8.1	$8.5
Total Claims Costs Incurred	**$136.7**	$126.7	$122.1
Excess of Revenues over Expenses (Expenses over Revenues)	**$2.4**	($61.7)	$1.4
Total Liabilities	**$1,297.4**	$1,256.6	$1,131.1
Unfunded Liability	**$405.5**	$412.0	$350.3
Percentage Funded Ratio	**72.4%**	67.2%	73.2%
Timeliness of First Payment to Injured Workers (percentage of payments made within 15 days of the injury)	**80.9%**	83.0%	78.0%
Injury Frequency Rate: Time-loss Claims per 100 Covered Workers	**3.0%**	3.0%	3.0%

1 PERSON DIED ON THE JOB EVERY TWO WEEKS IN 2004

WORKING WITH **STAKEHOLDERS**



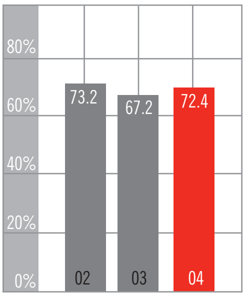
Louis R. Comeau, Chair

For the past decade, the WCB has maintained there can only be significant benefit increases or reduced assessment rates when the unfunded liability is eliminated. At one point during that period, financial gains allowed us to reduce the period needed to eliminate the unfunded liability to 2014. We were optimistic that the end was in sight.

However, increases to Supplementary Benefits, new benefits for firefighters with cancer and the Supreme Court of Canada decision on chronic pain have added more than $200 million to our benefits costs. The end result is that the WCB's financial situation remains precarious: the unfunded liability exceeds $400 million, and we currently are forecast to reach full funding in 2024. The Board will be having full consultations with stakeholders in 2005 to discuss measures to maintain our rigid schedule of having the liabilities fully funded over the next 12 years or so.

We can do this if Nova Scotians are prepared to embrace a significant cultural shift in their attitude toward workers' compensation and workplace safety. The fact is that too many Nova Scotians are injured on the job. All things being equal, we have one of the highest injury frequencies in Canada; workers stay on short-term benefits longer than in many other provinces; and more workers in Nova Scotia receive permanent benefits. More important than financial issues is the societal gain that is realized when fewer people are injured at work. This year in Nova Scotia, 94 workers were injured each day, and on average, a worker died on the job every two weeks. The impact of these needless injuries and deaths on families and communities throughout the province can be avoided.

PERCENTAGE FUNDED RATIO



Changing attitudes toward workplace safety and return to work is a challenge. The WCB is prepared to take a leadership role in this effort but all Nova Scotians must be prepared to join with us to make this cultural shift. We will continue to make a strong push for workplace safety in the years ahead.

94 PEOPLE WERE INJURED ON THE JOB EVERY DAY IN 2004

WCB BOARD MEMBERS

Chair and Member of all Board Committees
Louis R. Comeau

Deputy Chair, Governance & Human Resources Committee Chair and Acting Investment Committee Chair
H. Ramsay Duff

Worker Representative and Audit & Finance Committee Member
Betty Jean Sutherland

Worker Representative and Investment Committee Member
James Neville

Worker Representative and Governance & Human Resources Committee Member
Charlene Long

Employer Representative and Investment Committee Member
Gary Dean

Employer Representative and Governance & Human Resources Committee Member
Elwood Dillman

Employer Representative and Audit & Finance Committee Member
James Melvin

Public-at-Large Representative and Audit & Finance Committee Chair
James White

Last year, for the first time, the partner agencies in the Workplace Safety and Insurance System came together to hold an annual meeting. I am not aware of any other government agency or crown corporation that has had such an accountability session with its stakeholders. The second annual meeting will be held May 9, 2005.

The WCB's Board of Directors understands the need for leadership and the importance of having a good understanding of the expectations of those we represent and serve. To deliver on these expectations, we need strong leadership at the WCB. Following a national search in June 2004, the Board appointed Nancy MacCready-Williams as Chief Executive Officer. Nancy has the right combination of skills, enthusiasm, experience and, perhaps most importantly for the WCB, the passion for change this organization needs. We are confident that Nancy can lead the WCB through this cultural shift.

To that end, for the past few months the Deputy Minister of Environment and Labour and I have been discussing with stakeholders how to make improvements to the governance of the workers' compensation system. Our plan is to announce changes to the Board structure in Spring 2005.

As this report marks the end of the fiscal year, I would like to acknowledge the contribution of Board members Charlene Long, Elwood Dillman and Jim White who left the WCB in 2004 and early 2005. They all devoted time and energy to making the WCB what they thought it should be.

Louis R. Comeau
Chair

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PEOPLE UNDER 25 WERE INJURED ON THE JOB EVERY WEEK IN 2004

WORK SAFE. FOR LIFE.

Nancy MacCready-Williams, Chief Executive Officer

Having assumed a mandate for workplace injury prevention and education, we are becoming champions for workplace safety. It is an important mission. Too many people are being injured or die on the job.

It doesn't have to be this way. We believe there is no such thing as a workplace "accident" – every injury is avoidable with the right tools, knowledge of best practices, training, management and, most importantly, commitment to safe workplaces by us all.

Everyone should come home from work safe and secure. To achieve this goal, we need to create a workplace safety culture in Nova Scotia.

The WCB can't do it alone. We are working with employers, workers and a diverse group of stakeholders to change attitudes toward safety. After consultation in 2005, we will begin to introduce new rate policies to encourage employers to make safety a principle in their operations. Employers will see their rates go down more quickly if they embrace safety and reduce their costs. Employers with substantially higher injuries will face rates more reflective of their true cost to the system. The new policies will motivate employers to do the right thing, and we'll be there to help with programs to guide employers to improved safety performance.

"Everyone should come home from work safe and secure... we need to create a workplace safety culture in Nova Scotia."

Over time, we will add to this program so we can reward employers who have embraced safety and who continue to work safely. The framework for these new policies and programs was developed in 2004 and is supported by a social marketing program launched in the fall to raise awareness of workplace safety. This will be followed with an education program, currently under development, which will ensure information on workplace safety is available and accessible.

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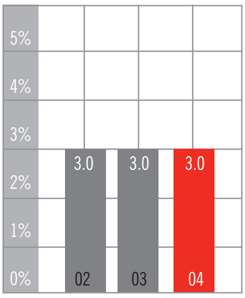
PERSON LOST THEIR FINGER ON THE JOB

EVERY MONTH IN 2004

INJURY FREQUENCY RATE

Time-loss claims per 100 covered workers



Over the past decade, the WCB focused on providing superior customer service. Today, our vision is broader. Through these efforts we want to encourage, provide an incentive and, if necessary, push Nova Scotia employers to provide a safe workplace for their employees. And, we want to ensure that all Nova Scotians are aware of their rights to a safe workplace and understand their rights and responsibilities regarding working safely.

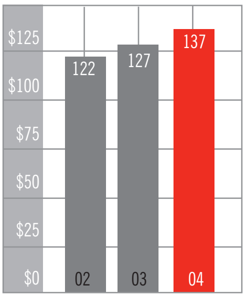
We want to reduce the number of people who are injured on the job and who have to file claims with the WCB. That, in turn, will reduce the financial cost of the system but, more importantly, it reduces the human toll of these needless injuries.

It's that simple and that complex.

I was named CEO in June. It is an exciting time, and I relish the opportunity to continue the profound changes happening at the WCB. Looking back, we achieved a great deal in 2004. But it is discouraging to see that the number of injuries increased slightly last year and time-loss claims were up over 2003. Claim durations reached 107.8 days – amongst the highest in Canada.

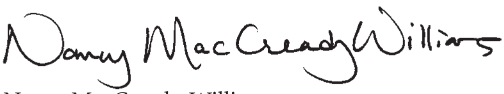
CLAIMS COSTS INCURRED

(in millions of dollars)



We need to think about how to reduce the number of people injured in Nova Scotia, how to ensure that those who are injured return to work in a safe and timely manner and, at the same time, deal with the WCB's funding issue. We will be consulting widely with our stakeholders this spring on these important issues.

There is much work left to do. We need everyone's help to ensure Nova Scotia works safe, for life.



Nancy MacCready-Williams
Chief Executive Officer

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PEOPLE BROKE A BONE ON THE JOB

EVERY WEEK IN 2004

2004 IN REVIEW

"… we began the work to develop programs and policies that will help to make Nova Scotia safer."

2004 saw significant change at the Workers' Compensation Board of Nova Scotia. Our focus in recent years has been providing excellent service to employers and injured workers. With the addition of the workplace injury prevention and education mandate, we broadened our focus to reduce the number of people who are injured on the job. In 2004, we began the work to develop programs and policies that will help to make Nova Scotia safer. It's all about creating a safety culture.

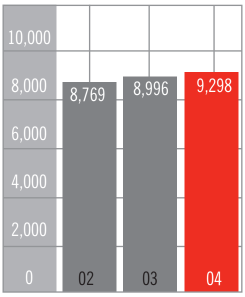
It's not an easy job, but it's an important one.

Too many people are being injured or die on the job. You will hear us say this time and time again. The facts are alarming. On average:

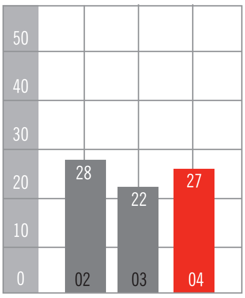
- 94 people file a claim every day with the WCB because they had an injury on the job.
- Of those, 25 are injured seriously enough to lose time from work.
- One person dies every two weeks as a result of a workplace injury.

We must stop these injuries from happening. Our goal is to create a safety culture in Nova Scotia. That is what drives the WCB today.

COMPENSABLE TIME-LOSS CLAIMS



FATALITIES



New Policies and Programs

In 2004, we began a major push to change attitudes about workplace safety with workers, employers and every Nova Scotian. We are taking a balanced approach with an equal emphasis on rules and principles.

We know the vast majority of employers in Nova Scotia are concerned about safety. But we also know that a relatively small number of employers are responsible for a disproportionate cost to the workers' compensation system. In 2004, we began developing a Priority Employers Program to guide these employers to better safety performance. We will begin to implement this new program

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PEOPLE INJURED
THEIR BACK
ON THE JOB
EVERY DAY IN 2004

in 2005, and we believe it will lead to lower overall costs for the entire system and improved safety for the employees in these workplaces.

Assessment rates are one vehicle we can use to influence how employers address safety issues. Last year, we began working with stakeholders, including the Occupational Health & Safety Advisory Council, to determine how we could adjust our rate-setting process to provide an incentive to employers to take steps to improve their safety performance. That work continues, and we will roll out a new, more responsive rate-setting model in 2005.

Raising Awareness and Changing Attitudes

Changing public attitudes and behaviour is another top priority for the WCB. Working with Nova Scotia Environment and Labour, we launched a comprehensive social marketing campaign that included television, newspaper and radio ads and a youth-oriented Web site.

The ads are emotional and hard hitting, emphasizing the personal cost of unsafe behaviour in the workplace. Our research shows the campaign is resonating with Nova Scotians and making them think about safety in a new way. After running for just six weeks, half the people surveyed remembered seeing the ads and 77% thought they were somewhat or very effective.

Education is another key to creating a safety culture, and we are developing new education programs to assist Nova Scotians as they strive to make improvements in their workplaces. We also have a project underway where we will make individual firm information available on-line so employers can more effectively manage safety in their operations.

Social marketing and education are only part of the equation. We also need clear rules and regulations around workplace health and safety that are easily understood. And the enforcement of those rules must be fair and consistent. We will continue to work with our partners at Nova Scotia Environment and Labour, who are responsible for the enforcement of health and safety regulations, so fewer Nova Scotians are injured at work.

15 PEOPLE INJURED THEIR LEG ON THE JOB EVERY WEEK IN 2004

Environment and Labour continues to review and work to improve its regulation and compliance activities. The result will be a more systematic use of the risk-management approach to regulatory development and administration; an approach that helps to ensure that limited resources are applied on a priority basis to the areas where they are needed most and can do the most good.

New Leadership

2004 also saw the appointment of Nancy MacCready-Williams as Chief Executive Officer. A ten-year veteran of the WCB, she brings a unique combination of extensive experience coupled with a strong desire to continue the positive changes taking place in the organization.

As a first step she reorganized senior staff roles and responsibilities, and she has become a frequent public speaker from one end of Nova Scotia to the other, continuing to push for a greater understanding of the importance of workplace safety.

"…ensure that limited resources are applied on a priority basis to the areas where they are needed most..."

New Chronic Pain Regulations and Policies

Our work to address the Supreme Court of Canada decision on chronic pain continued in 2004. The Government of Nova Scotia enacted new chronic pain regulations in July, and these were followed by new WCB policies in September. By November, we began to issue payments to injured workers with chronic pain. Twenty staff on the Transition Services Team will complete this work.

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PEOPLE INJURED THEIR ARM ON THE JOB
EVERY WEEK IN 2004

Operating Excellence

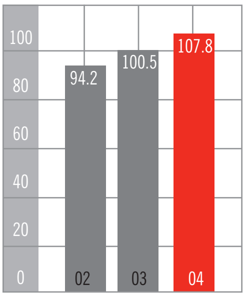
While preventing workplace injuries is an important new mandate, we know we can't lose sight of customer service in cases where injuries happen. Our customer satisfaction results in 2004 show that the WCB continues to be on par with the best the private sector can offer in terms of customer service. Providing excellent service to employers and injured workers as we help them recover from their injuries and return to work remains a priority.

> "We continue to look for innovative ways to improve our operations, reduce claim durations and increase the number of workers who have a safe and timely return to work."

We continue to look for innovative ways to improve our operations, reduce claim durations and increase the number of workers who have a safe and timely return to work. In 2004, the WCB launched a new physiotherapy pilot project in the Halifax area that is designed to improve the quality of care for injured workers, reduce claim durations, prevent the onset of chronic pain and increase the number of workers who return to work.

2004 was an important year in the long history of the Workers' Compensation Board of Nova Scotia. We were energized by a new mandate and the development of new programs. We have taken some important first steps to address the epidemic of workplace injuries in Nova Scotia. Change doesn't happen overnight but, by continuing to work with our partners and stakeholders as we move forward, the work we have done in 2004 will lead us to a safer Nova Scotia.

AVERAGE DURATION OF SHORT-TERM CLAIMS *(number of days)*



2

PEOPLE INJURED
THEIR EYE
ON THE JOB
EVERY WEEK IN 2004

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The Financial Statements of the Workers' Compensation Board of Nova Scotia were 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 generally accepted accounting principles in Canada.

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 Auditor service providers perform periodic audits designed to test the adequacy and consistency of the WCB's internal controls.

The Board of Directors has approved the financial statements included in this Annual Report. The Board of Directors is assisted in its responsibilities by the Audit & Finance 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.

Ernst & Young LLP, the external auditors of the WCB, have performed an independent audit of the financial statements of the WCB in accordance with auditing standards generally accepted in Canada. The Auditor's Report outlines the scope of this independent audit and the opinion expressed.

Nancy MacCready-Williams
Chief Executive Officer

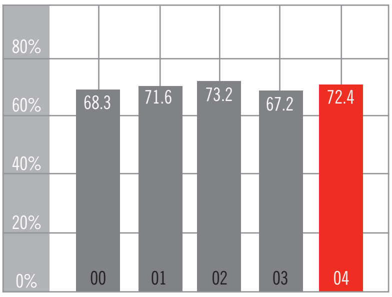
Leo D. McKenna, CA
Chief Financial Officer
Vice President, Corporate Services

MANAGEMENT DISCUSSION AND ANALYSIS

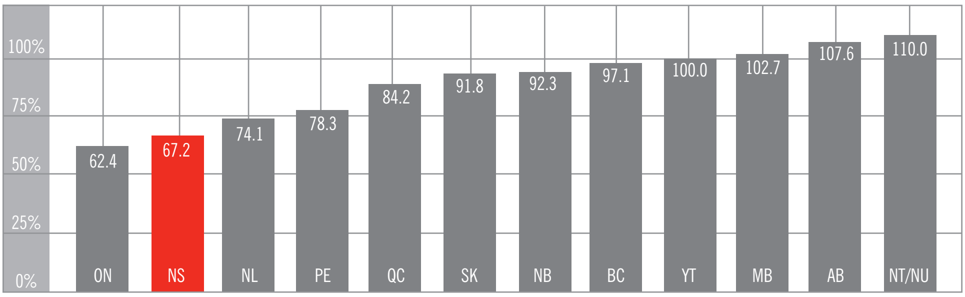
As an integral part of the Annual Report, the Management Discussion and Analysis provides further insight into the operations and financial position of the Workers' Compensation Board. The discussion and analysis should be read in conjunction with the audited financial statements and supporting notes.

The WCB operates under the authority of the *Workers' Compensation Act* and is responsible, in accordance with the provisions of the *Act*, for administering the payment of benefits to injured workers and for levying and collecting assessment revenues in an amount sufficient to cover the current and future costs of compensation claims. The WCB obtains its revenues from premiums based on assessable payrolls and reimbursements from self-insured employers. The WCB provides coverage to approximately 71% of workers employed in Nova Scotia.

CAPITALIZATION RATIOS
For Nova Scotia, 2000-2004



CAPITALIZATION RATIOS *For all jurisdictions, 2003*



Statement of Financial Position

Assets

Receivables

The WCB's receivables consist primarily of amounts owed by employers for 2004 premiums, an amount due from the Canada Revenue Agency collected from employers on behalf of the WCB and the recoverable portion of benefit overpayments.

Investments

The Board of Directors oversees the WCB's investment policies and performance. The Investment Committee is a standing committee, advisory to the Board of Directors. The Committee reviews and reports to the Board of Directors on the administration, supervision, and management of the investment program.

The WCB's assets are diversified among a variety of asset classes in order to optimize returns and manage risk. Investment management for long-term investments is delegated to several external investment managers. The external investment managers are required to comply with the WCB's Statement of Investment Policies and Objectives that outlines permissible investments.

During November, the WCB chose to terminate a relationship with a balanced manager who managed approximately one-third of the portfolio, and placed the funds in an indexed fund for a temporary transition period expected to be complete in the first half of 2005.

The investment target overall is to exceed the rate of return generated by the benchmark portfolio and market yields for the various asset classes by 0.65% before management fees based on a five-year average.

For active managers the objective is to exceed the return generated by the benchmark portfolio by 1.0% before investment management fees based on a five year average.

For the indexed manager, the objective is to match the return generated by the fund benchmark portfolio with a tracking error of +0.25% before investment management fee based on a five-year average.

Note 3 to the financial statements indicates that a change in accounting policy for investments occurred effective January 1, 2004 based on the new CICA Handbook Section 3855 "Financial Instruments - Recognition and Measurement". Investments are now recorded at fair market value, whereas they were previously recorded at cost adjusted toward market value using the moving average market method. A separate statement of other comprehensive income is required under the new investment policy to account for gains and losses that result from changes in fair market value. Changes in fair market value for investments still owned are tracked as accumulated other comprehensive income.

Investment returns on the externally-managed portfolio on a market basis were 7.6% in 2004 which was 2.65% less than the target for the year. The target for the five years ended December 31, 2004 was 4.05% and the WCB's actual return was 4.5%. The WCB's target was achieved for the five-year period.

The benchmark portfolio and asset class ranges are as follows:

Asset Class	Benchmark	Minimum	Maximum
Canadian Equity	30%	20%	40%
Foreign Equity (including U.S.)	30%	20%	40%
Total Equity	**60%**	**50%**	**70%**
Fixed Income	40%	30%	50%
Short-term Investments & Cash	0%	0%	15%
Total Fixed Income & Cash	**40%**	**30%**	**50%**

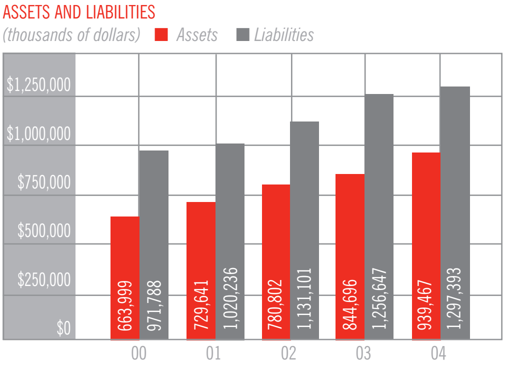
Property and Equipment

Additions to capital assets in 2004 were concentrated in office furniture, computer hardware and software.

Liabilities

Payables

The principal items recorded under payables are trade accounts payable and accrued liabilities. Payables have increased slightly for 2004 to $12.8 million from $11.3 million.



Employee Future Benefits

The WCB provides for employee future benefits other than pensions including retirement allowances and post retirement life insurance, dental, and medical programs. An actuarial valuation was performed as of January 1, 2004, increasing the annual expense by $0.5 million as a result of experience.

Benefits Liabilities

The WCB's benefits liabilities represents the actuarial present value at December 31, 2004 of all expected health-care payments, short-term disability benefits, long-term disability benefits, survivor benefits and rehabilitation payments that will be made in future years, and which relate to claims arising from events that occurred on or before December 31, 2004.

The benefits liabilities grew by 3.1% as set out in detail in Note 8 to the financial statements. The change in most years is attributable primarily to the change in the present value of claims payable in future years, as calculated through the annual actuarial valuation process.

On October 3, 2003 the Supreme Court of Canada found that certain sections of the *Workers' Compensation Act*, relating to compensation for chronic pain, are unconstitutional. The Supreme Court further ruled that the unconstitutional sections of the *Act* and policies relating to chronic pain benefits are to be removed by April 3, 2004. Legislation amending the *Act* has been introduced but has not yet been finalized. There is a high probability that the changes associated with the pending legislation will result in costs that will increase the benefits liability, however the magnitude of the costs are not yet determinable. Current estimates of the increase in liabilities for all employers range from $198.5 million to $316.4 million. As described in Note 12, the benefits liabilities related to self-insured employers are not included in the WCB's benefits liabilities account. Current estimates of the increase in liabilities excluding the self-insured employer portion range from $158.8 million to $253.0 million. No amount within the range is indicated as a better estimate than any other. The lower end of this range is included in the benefits liabilities of the current year financial statements with an additional $9.5 million for future claims administration for a total of $168.3 million. The 2004 valuation estimate is unchanged from the $168.3 million estimate made in 2003.

Regulations were passed in July 2004 and policies were passed in September 2004 reflecting the Supreme Court decision.

Unfunded Liability

The WCB's liabilities total $1.3 billion and assets total $939.5 million, resulting in an unfunded liability of $405.5 million and accumulated other comprehensive income of $47.6 million at the end of 2004. The WCB's funding percentage has increased from 67.2% to 72.4% as at December 31, 2004.

As noted above, in 2004 the WCB began recognizing the entire investment gains and losses in the year of occurrence as opposed to smoothing them into income over five years. Recognizing gains and losses in the year in which they occur introduces a significant amount of volatility to the

WCB's financial reporting. Excluding the unrealized gains in accumulated other comprehensive income, the WCB's funding ratio would drop from 72.4% to 68.7%.

Statement of Operations and Unfunded Liability

In workers' compensation, assessment revenue should roughly equal current year costs, otherwise transfers to/from future or past employers are occurring. This will be the case in Nova Scotia until the unfunded liability is eliminated. Over the long term, investment income should be expected to equal liability requirements. This is unlikely to be achieved when there is a significant unfunded liability. Actuarial experience adjustments, in a stable system, should be held to marginal levels, reflecting minor differences between actual experience and estimates.

The operating results for 2004 and 2003 may be attributed to the following factors:

($000's)	2004	2003
Assessment Revenue in Excess of Current Year Costs	**$ 47,534**	$ 54,529
Investment Income below Liability Requirements	**(54,066)**	(44,173)
Lower Actuarial Liabilities than Previously Anticipated	**8,978**	96,320
Adjustment to benefits liabilities	**–**	(168,328)
Excess of Revenues over Expenses (Expenses over Revenues)	**$ 2,446**	$ (61,652)

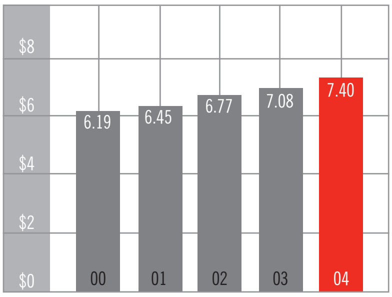
Revenues

Assessment Revenue

Assessment revenue increased $7.6 million (3.5%) from 2003 levels. Revenues from registered firms increased $6.6 million (3.6%). This increase is primarily attributed to a rise in the average rate from $2.579 to $2.592 and by an increase in assessable payroll of 4.5%. The targeted average assessment rate has increased from $2.54 to $2.57. This is the first increase since 1994. The actual average assessment rate in 2004 was slightly above that target. The self-insurers experienced slightly higher claims payments in 2004, which resulted in higher direct premiums and administration charges billed of $0.9 million.

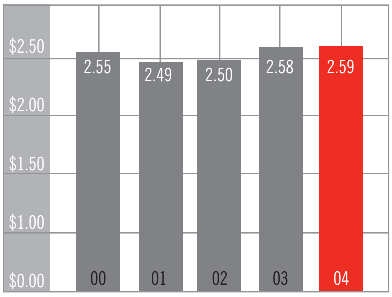
TOTAL ASSESSABLE PAYROLL

For Nova Scotia, 2000-2004 (in billions of dollars)



ACTUAL AVERAGE ASSESSMENT RATES

For Nova Scotia, 2000-2004



Investment Income

Investment income is derived from interest on short-term investments managed internally and income on the long-term investments managed by external investment managers. The recorded income in 2004 reflects the WCB's change in accounting policy to record realized gains and losses in investment income included in the excess of revenue over expenses when an investment is sold and to record gains and losses arising from changes in fair market value included in other comprehensive income.

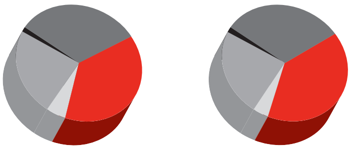
Total investment income is $25.2 million for 2004, a decrease of $13.2 million (34.3%) over 2003 levels. The decrease is primarily attributed to the change in accounting policies as unrealized gains are now included in other comprehensive income. Results reflect a year in the capital markets which saw the S & P / TSX Composite increase 14.5%, the S & P 500 increase 3.3% in Canadian dollars, and the MSCI EAFE increase 12.0%. The bond markets showed positive returns at 7.1%.

Expenses

Claims Costs Incurred

Claims costs incurred are an estimate of the costs related to compensable injuries which occurred in 2004. These estimates take into account both unreported claims and reported, but as yet unpaid claims. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease. The benefits liabilities now include a provision for future expenses of administration of existing claims.

TOTAL CLAIMS COSTS INCURRED
(thousands of dollars)



	2004		2003	
Short-term Disability	**$44,049**	**32.2%**	$39,776	31.4%
Long-term Disability	**$51,738**	**37.9%**	$50,116	39.6%
Survivor Benefits	**$ 6,849**	**5.0%**	$ 4,755	3.8%
Health Care	**$32,456**	**23.7%**	$29,971	23.7%
Rehabilitation	**$ 1,572**	**1.2%**	$ 2,044	1.6%

Claims costs incurred were $10.0 million (7.9%) higher than 2003. Claims categories with significant fluctuations included short-term disability costs increasing $4.3 million (10.7%); health-care costs increasing $2.5 million (8.3%); survivor benefits increasing $2.1 million (44%); and long-term disability costs decreasing $1.6 million (3.2%). Several factors influenced this aggregate result:

- Total injuries reported increased about 1.5% and reported time-loss claims increased 3.4% from 2003.

- The short-term disability increase reflects increases in payments over the last three years and increased durations of 7% in 2004.

- The increase in health-care costs reflect the increases in payments over the last three years due to increasing cost of services coupled with increased utilization of services.

- The increase in survivor costs relates to the increase in volume of new survivor awards.

- The net decrease in long-term disability claims costs is primarily the result of changes in the expected volume of long-term earnings loss awards. Earnings-loss expenditures reflect experience under the new *Act*. Changes in assumptions regarding average age at injury and updates to average payments slightly offset the decrease.

Growth in Present Value of Liabilities, Change in Assumptions and Actuarial Experience Adjustments

The growth in present value of benefits liabilities is the increase in the present value of prior years' claims due to an interest amount reflecting the time value of money. In 2004 this amount was $79.3 million or approximately 6.2% of the benefits liabilities.

Our actuary made a number of changes in assumptions increasing the liabilities for prior years' claims totaling $23.8 million including:

- Provisions for payments relating to medical claims increased the liability by $4.2 million as a result of increasing the cost increase assumption from 1.5% to 1.75% greater than the Consumer Price Index.

- Based on experience, the liability for Permanent Impairment Benefit and Extended Earnings Replacement Benefit awards was increased by $19.6 million reflecting changes to the expected average age at injury date.

Actuarial experience adjustments represent the adjustments to the present value of prior years' claims which were not anticipated in the prior year's valuation. Actuarial experience adjustments are $32.8 million in 2004 as indicated in Note 8 of the financial statements.

Administrative Cost

In 2003, to be consistent with industry practice, the WCB began recording a provision for future administration costs in the benefits liabilities for current claims. Administrative expenditures in 2004 totaled $30.0 million, an increase of $3.2 million (11.9%) from 2003. The increase is attributable to the following:

- Salaries and staff expense increased $2.9 million reflecting adjustments required under the collective agreement, employee future benefits, and the increase in staff complement.

- Communication costs increased $0.8 million reflecting advertising and communication surrounding prevention of injury strategies.

- Other costs decreased $0.2 million reflecting the decrease in professional fees offset by small increases related to the increase in staff complement and increased activity levels in various areas during the year.

- These increases were offset by an increase of $0.3 million in the net change in the liability for future administration costs.

Legislated Obligations

The *Workers' Compensation Act* requires the WCB to pay the Province of Nova Scotia a portion of the costs of the Occupational Health and Safety Division of Nova Scotia Environment and Labour, the costs of operating the Workers' Compensation Appeals Tribunal, the costs of operating the Workers' Advisers Program, and the costs of funding injured workers' associations selected by Nova Scotia Environment and Labour.

In 2004, the WCB's portion of Occupational Health and Safety expenditures were $5.8 million. The WCB's expenditure is set by Order-in-Council and reflects the pro-rata share of Nova Scotia Environment and Labour's expenditure in Occupational Health and Safety. The pro-rata share is based on the ratio of the WCB's covered workforce to the Occupational Health and Safety Division covered workforce.

The cost to administer the external appeals process in 2004 was $1.3 million, a decrease of $0.2 million (11.9%) over 2003 levels.

The cost to administer the Workers' Advisers Program was $2.3 million in 2004, an increase of $0.2 million (9.7%) over 2003 levels.

Excess of Revenues Over Expenses

In 2004, total revenues of $248.8 million, less total expenditures of $246.4 million, yielded excess revenues over expenses of $2.4 million. This excess decreases the unfunded liability.

Statement of Cash Flows

During 2004, the increase in cash was $4.4 million.

Revenue received for premiums has increased $11.4 million from 2003. Investment revenue recorded represents an increase of $2.5 million.

Cash flow decreased $13.4 million due to the increase in cash paid for claims. Disbursements relating to administrative services are up $1.9 million from 2003.

Cash flow increased by $9.7 million due to the decrease in cash used for investment purposes. Investment in capital assets in 2004 was $0.6 million, an increase of $0.1 million from 2003.

The Funding Strategy

Looking ahead, it is worth noting our experience with adjustments to the Funding Strategy to date. Our financial results in the first ten years of our Funding Strategy (1995 - 2004) were somewhat better than expected primarily due to increasing assessable payroll coupled with lower than anticipated claims costs incurred during this period, better than expected investment returns, and lower than anticipated inflation.

The WCB's annual revision to the Funding Strategy in June 2004 established the year in which the unfunded liability was expected to be eliminated at 2024. This was based on an expected excess of expenses over revenue for 2004 of $7.5 million. The actual excess of revenues over expenses for 2004 was $2.4 million. This is a $9.9 million greater reduction in the unfunded liability than expected in the Funding Strategy. Given the number of variables affecting the funding position, swings can be expected.

The 2004 gain is made up of investment revenue $21.7 million less than expected, claims costs incurred $3.9 million less than expected, growth in present value $13.8 million less than expected and actuarial assumption changes and experience adjustments $9 million less than expected, administration and legislated obligations $4.9 million less than expected. A significant reason for the investment income variance is that when the forecast was prepared, the previous investment accounting policies applied, whereas unrealized gains are now included in comprehensive income.

In 2004, the change in accounting policy for investments resulted in recognition of $4.0 million in deferred realized gains as a direct reduction to the unfunded liability. In addition, the change in the fair market value of investments was recognized as accumulated other comprehensive income, with a net accumulation of $47.6 million. This accumulation is expected to fluctuate annually depending on market returns earned on the WCB investment portfolio.

Assessment rates for employers, benefit levels for injured workers and changes in the WCB's funding position should not be based on short-term, annual investment gains or losses, which by their nature, are unpredictable and not guaranteed to be sustained over the long term. The WCB's funding strategy including decisions about rates and benefits should continue to be based on the long-term expectation for investment returns.

Note 8 of the financial statements details two areas of uncertainty, actuarial experience and chronic pain-related benefits, which might have a significant impact on the WCB's benefits, liabilities and Funding Strategy.

Outlook

As our Annual Report containing the 2004 Financial Statements goes to print, we know that the Workers' Compensation Review Committee Report (Dorsey Report, 2002) continues to be considered by stakeholders, Government and the Board of Directors of the WCB. We are not able to assess the impact, if any, of any changes that might flow from legislative changes in response to the Dorsey Report on the WCB's Funding Strategy. Regulations were passed in July 2004 and policies were passed in September 2004 reflecting the Supreme Court of Canada decision on chronic pain related benefits (October 2003). We have included an estimate of the liability for chronic pain related benefits in the 2004 Financial Statements.

Funding of the workers' compensation system reflects the balance struck between the level of benefits, rates charged to employers and the WCB's funding position. When financial results are different than the target, whether better or worse, the choice becomes: adjust benefits, adjust rates, or adjust the WCB's funding position by lengthening or shortening the period over which the unfunded liability is eliminated. As the level of benefits is set by the Legislature, subject to interpretation by the courts, the funding equation is not entirely within the control of the WCB as the neutral administrator.

As described above, we have a gain from the target in 2004. The WCB's Board of Directors will revisit the Funding Strategy as part of the annual budget process in June 2005. The WCB is currently consulting stakeholders with respect to the appropriate balance between the level of benefits, rates charged to employers and the WCB's funding position. We anticipate stakeholder input will be reflected in the funding strategy to be adopted in June 2005.

As part of our dialogue with stakeholders around the funding strategy, we will be outlining our expectations on how improvements in the costs of workers' compensation flowing from our prevention strategy should be reflected in the funding strategy.

It is important to realize that while our financial position has improved over the last nine years, there are many years remaining to achieve our overall goal of financial stability and full funding. As we have noted in previous Annual Reports, investment returns and inflation are, of course, subject to significant volatility.

The WCB recognizes that there will be variances from the Funding Strategy each year. Sometimes these changes will be temporary, sometimes longer term. Sometimes variances will be negative and then swing back in a positive direction. Often, variances will be driven by external events, such as gains or losses in the capital markets, which are substantially outside the WCB or its stakeholders' control.

The WCB's Funding Strategy contains numerous assumptions about future financial performance and spans many years. The length of the period coupled with the number of assumptions makes the Funding Strategy fairly sensitive or leveraged to changes in the early years with relatively small changes in the early years potentially having a significant impact in the later years.

Although the Funding Strategy clearly labels assumptions as such, many users may credit the strategy with more certainty and precision than warranted given the number and nature of assumptions it contains. Users should remember that the Funding Strategy is our best estimate of what will happen given the assumptions. As noted in previous Annual Reports and the Funding Strategy, actual results will differ from the projections and these differences may be material.

AUDITOR'S REPORT

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

We have audited the statements of financial position, operations, unfunded liability, and comprehensive income of the Workers' Compensation Board of Nova Scotia (the "WCB") as at December 31, 2004 and the statements of changes in accumulated other comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of the WCB's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst + Young LLP

Halifax, Nova Scotia
February 25, 2005

Ernst & Young, LLP
Chartered Accountants

Statement of Financial Position

as at December 31 (thousands of dollars)

	2004	2003
Assets		
Cash and cash equivalents (Note 13)	**$ 34,003**	$ 29,570
Receivables (Note 4)	**19,159**	20,508
Investments (Note 5)	**876,280**	782,731
Property, equipment and other assets (Note 6)	**10,025**	11,887
	$ 939,467	$ 844,696
Liabilities		
Payables and accruals	**$ 12,815**	$ 11,341
Employee future benefits (Notes 7 and 16)	**4,939**	4,234
Benefits liabilities (Note 8)	**1,279,639**	1,241,072
	1,297,393	1,256,647
Accumulated other comprehensive income	**47,575**	-
Unfunded liability	**(405,501)**	(411,951)
	(357,926)	(411,951)
	$ 939,467	$ 844,696

Commitments (Note 15)

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

Approved on behalf of the Board of Directors:

Louis R. Comeau
Chair

H. Ramsay Duff
Deputy Chair

Statement of **Operations**

Year ended December 31 (thousands of dollars)

	2004	2003
Revenue		
Assessments (Notes 9 and 13)	$ 223,667	$ 216,114
Net investment income (Notes 5 and 13)	25,199	38,363
	248,866	254,477
Expenses		
Claims costs incurred (Notes 8 and 13)	136,664	126,662
Growth in present value of benefits liabilities and actuarial experience adjustments (Note 8)	70,287	(13,784)
Administration costs (Notes 10 and 13)	29,978	26,777
Legislated obligations (Note 11)	9,491	8,146
	246,420	147,801
Excess of revenues over expenses before the following	2,446	106,676
Adjustment to benefits liabilities (Note 8)	-	168,328
Excess of revenues over expenses (expenses over revenues) applied to reduce (increase) the unfunded liability	$ 2,446	$ (61,652)

Statement of **Unfunded Liability**

Year ended December 31 (thousands of dollars)

	2004	2003
Unfunded liabilities, beginning of year	$ (411,951)	$ (350,299)
Change in accounting policy (Note 3)	4,004	-
	(407,947)	(350,299)
Excess of revenues over expenses (expenses over revenues) applied to reduce (increase) the unfunded liability	2,446	(61,652)
Unfunded liabilities, end of year	$ (405,501)	$ (411,951)

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

Statement of Comprehensive Income

Year ended December 31 (thousands of dollars)

	2004
Excess of revenues over expenses	$ 2,446
Other comprehensive income	
Unrealized gains on available-for-sale financial assets arising during the year	37,430
Reclassification of realized gains to the statement of operations	(2,327)
Net change in other comprehensive income for the year	35,103
Total comprehensive income	$ 37,549

Statement of Changes in Accumulated Other Comprehensive Income

Year ended December 31 (thousands of dollars)

	2004
Accumulated other comprehensive income, beginning of year	$ -
Change in accounting policy (Note 3)	12,472
	12,472
Net change in other comprehensive income for the year	35,103
Accumulated other comprehensive income, end of year	$ 47,575

Statement of Cash Flows

Year ended December 31 (thousands of dollars)

	2004	2003
Operating Activities		
Cash received from:		
Employers, for assessments	$ 222,753	$ 211,372
Net investment income	25,219	22,700
	247,972	234,072
Cash paid to:		
Claimants or third parties on their behalf	(164,342)	(150,980)
Suppliers, for administrative and other goods and services	(36,642)	(34,698)
	(200,984)	(185,678)
Net cash provided by operating activities	46,988	48,394
Investing Activities		
Increase in investments, net	(41,969)	(51,670)
Cash paid for:		
Purchases of equipment	(586)	(468)
Net cash used in investing activities	(42,555)	(52,138)
Net increase (decrease) in cash and cash equivalents	4,433	(3,744)
Cash and cash equivalents, beginning of year	29,570	33,314
Cash and cash equivalents, end of year	$ 34,003	$ 29,570

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

Notes to Financial Statements *Year ended December 31, 2004 and 2003 (thousands of dollars)*

1. NATURE OF OPERATIONS

The Workers' Compensation Board of Nova Scotia (the "WCB") was established by the Nova Scotia Legislature in 1917, under the *Workers' Compensation Act* (the "*Act*"), and as such is exempt from income tax. The WCB is responsible, in accordance with the provisions of the *Act*, for administering the payment of benefits to injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the costs of claims and administration; and investing funds held for future benefit payments.

A new *Act* received Royal Assent on February 6, 1995. Amendments to the *Act* received Royal Assent on April 16, 1999. Further amendments to the *Act* received Royal Assent on May 30, 2002 and November 28, 2002.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles, 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 current market value.

b) **Assessments Receivable.** Assessments receivable and assessment revenue include a provision for unbilled assessments to reflect anticipated revisions based upon actual payroll information received in the following year.

c) **Investments.** Securities held in the investment portfolio are designated as available-for-sale financial assets, and are carried at fair market value. Unrealized gains and losses arising from the change in fair value of an investment are recorded in other comprehensive income until the investment is sold. At this time, the cumulative unrealized gain or loss previously recognized in other comprehensive income is designated a realized gain or loss and reclassified to investment income and included in the excess of revenues over expenses (expenses over revenues) for the period. Income from interest and dividends is recognized in the period earned, and is presented net of investment expenses.

   Where it is determined that there is objective evidence of a permanent decline in the fair value of a financial asset, the cumulative loss that had been recognized directly in other comprehensive income is removed from accumulated other comprehensive income and included in income even though the asset has not been sold.

d) **Property and Equipment.** Property and equipment are stated at cost, less accumulated amortization. Amortization is charged on a straight-line basis over a period of 40 years for the building, and 5 to 10 years for furniture and facilities, equipment and computer hardware. Amortization is charged on a straight-line basis over a period from 5 to 10 years for software and process development costs and on a declining balance basis at an annual rate of 50 percent for software purchases. In the year of acquisition, a half-year's amortization is taken.

e) **Other Assets.** Other assets are stated at cost, less accumulated amortization, which is charged on a straight-line basis over 25 years.

f) **Employee Future Benefits.** Costs for employee future benefits, other than pensions are accrued over the periods during which the employees render services in return for these benefits. The corridor approach is used to record actuarial gains and losses. Under this approach, if the gains or losses exceed 10% of the greater of the plan assets or liabilities, the excess amount is amortized on a straight-line basis over the employees average remaining service life.

g) **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. The benefits liabilities include provision 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. No provision has been made for future claims related to occupational disease.

h) **Foreign Currency Translation.** Investments denominated in foreign currencies are converted to Canadian dollars at rates of exchange prevailing at the balance sheet date. The resulting translation adjustment is accounted for on a basis consistent with the accounting policy for investments.

i) **Use of Estimates.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, specifically 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 may have the potential to impact benefits liabilities.

j) **Financial Instruments.** The carrying values of the WCB's financial instruments approximate fair values because of their short-term maturity and normal credit terms.

   The WCB's accounts receivable are not subject to significant concentration of credit risk because the accounts are owed by a large number of employers, the Province of Nova Scotia and the Federal Government on normal credit terms. At December 31, 2004 and 2003 the WCB did not have any exposure relating to derivative instruments.

k) **Comparative Figures.** Certain 2003 comparative figures have been reclassified to conform with the 2004 presentation.

3. CHANGE IN ACCOUNTING POLICY

Effective January 1, 2004, the WCB changed its accounting policy for investments, based on the new CICA Handbook Section 3855 "Financial Instruments - Recognition and Measurement". The adoption of Section 3855 necessitates the adoption of Sections 1530 - "Comprehensive Income" and Section 3865 "Hedges". Section 1530 represents a new requirement to present certain gains and losses outside of the statement of operations into a separate statement of comprehensive income. Section 3865 regarding hedges has no impact at this time.

Previously financial instruments were recorded at cost adjusted toward market value using the moving average market method. Under the previous policy, unrealized and realized gains and losses were deferred and amortized on a straight-line basis over five years, while interest and dividend income were recognized in the period earned. Under the new policy, all investments are designated as available-for-sale, and are carried at fair value. Realized gains and losses are recognized as investment income in the year in which they occur. Unrealized gains and losses are recognized in other comprehensive income until the investment is sold. This change has been applied prospectively, as required by Section 3855. Investments at January 1, 2004 were adjusted from a carrying value of $782,731 to a fair value of $799,207. The $4,004 of deferred realized gains have been adjusted to the opening balance of the unfunded liability while the $12,472 of deferred unrealized gains have been adjusted to the opening balance of the statement of changes in accumulated other comprehensive income.

The previously published quarterly financial statements have been restated to reflect the change in accounting policy. The opening balance and quarterly financial statements for 2004 have been restated to reflect the changes in investments, interest receivable, accumulated other comprehensive income, the unfunded liability and investment income as follows:

	Jan. 1	Mar. 31	June 30	Sept. 30
Increase in investments	$16,476	$33,076	$30,039	$17,271
Interest receivable		72	48	75
Accumulated other investment income	(12,472)	(27,151)	(25,099)	(7,912)
Decrease unfunded liability	$ 4,004	$ 5,997	$ 4,988	$ 9,434
Increase in investment income		$ 1,994	$ 984	$ 5,430

4. RECEIVABLES

	2004	2003
Assessments	**$ 17,037**	$ 15,704
Self-insured employers	**4,847**	7,570
Assessments receivable	**21,884**	23,274
Self-insured employers - deposits	**(3,987)**	(4,001)
Harmonized Sales Tax rebate	**268**	218
Other	**994**	1,017
	$ 19,159	$ 20,508

Assessments receivable are net of an allowance for doubtful accounts of $1,954 in 2004 (2003- $1,950). Other receivables are net of an allowance for doubtful accounts of $190 in 2003 (2003- $142).

5. INVESTMENTS

	2004 Fair Market Value	2003 Carrying Value	2003 Fair Market Value
Money market	**$ 19,674**	$ 27,276	$ 27,276
Fixed-term investments	**312,214**	257,748	263,980
Equities	**543,473**	500,003	506,243
Accrued interest	**919**	1,708	1,708
	876,280	786,735	799,207
Deferred realized investment and foreign exchange gains	**-**	(4,004)	-
Total	**$ 876,280**	$ 782,731	$ 799,207

Deferred realized investment and foreign exchange gains	**2004**	2003
Balance, beginning of year	**$ -**	$ 6,595
Realized net gains for the year	**-**	7,181
	-	13,776
Amortization of deferred realized investment gains	**-**	(9,772)
Balance, end of year	**$ -**	$ 4,004

Investment Income	**2004**	2003
Interest and dividends	**$ 23,837**	$ 20,876
Realized gains from the statement of comprehensive income	**2,327**	-
Amortization of deferred realized investment gains	**-**	9,772
Amortization of deferred unrealized investment gains	**-**	8,561
	26,164	39,209
Less: Portfolio management expenses	**(965)**	(846)
Total Investment Income	**$ 25,199**	$ 38,363

6. PROPERTY, EQUIPMENT AND OTHER ASSETS

2004	**Cost**	**Accumulated Amortization**	**Net Book Value**
Land	**$ 155**	**$ -**	**$ 155**
Building	**3,443**	**1,654**	**1,789**
Furniture and facilities	**2,548**	**1,057**	**1,491**
Equipment and computer hardware	**2,174**	**1,536**	**638**
Software and process development costs	**14,169**	**9,717**	**4,452**
Other assets (a)	**3,750**	**2,250**	**1,500**
	$ 26,239	**$ 16,214**	**$ 10,025**

2003	Cost	Accumulated Amortization	Net Book Value
Land	$ 155	$ -	$ 155
Building	3,440	1,520	1,920
Furniture and facilities	2,472	967	1,505
Equipment and computer hardware	2,651	1,958	693
Software and process development costs	14,126	8,162	5,964
Other assets (a)	3,750	2,100	1,650
	$ 26,594	$ 14,707	$ 11,887

(a) During 1990, the WCB paid $3,750 to the Province of Nova Scotia for the exclusive right to utilize a 16-bed unit at the Queen Elizabeth II Health Sciences Centre for a period of 25 years.

7. EMPLOYEE FUTURE BENEFITS

The WCB provides for employee future benefits other than pensions (Note 16) consisting of retirement allowances, and post employment life insurance, dental and medical programs. An actuarial valuation was performed as at December 31, 2003, with the next planned valuation to be performed at December 31, 2006.

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

	2004	2003
Discount Rate	**6.25%**	6.75%
Expected health-care costs trend rate; decreasing annually by 1% increments to an ultimate rate of 5%	**10%**	7%
Drug claim increases trend rate; decreasing annually by 1% increments to an ultimate rate of 6%	**12%**	9%
Dental cost escalation	**3.5%**	3.5%
Retirement age assumption	**59 years**	59 years

	2004	2003
Accrued Benefit Obligation		
Beginning of year	**$ 4,234**	$ 3,838
Current service costs	**494**	254
Interest costs	**373**	198
Benefits paid	**(216)**	(56)
Actuarial loss	**1,316**	-
End of year	**$ 6,201**	$4,234
Funded Status		
Plan deficit	**$ 6,201**	$4,234
Unamortized net actuarial loss	**(1,262)**	-
Accrued employee future benefits liability	**$ 4,939**	$4,234
Net benefit expense		
Current service costs	**$ 494**	$ 254
Interest costs	**373**	198
Amortization of net actuarial loss	**54**	-
Net employee future benefits expense	**$ 921**	$ 452

8. BENEFITS LIABILITIES

	Short-Term Disability	**Long-Term Disability**	**Survivor Benefits**	**Health Care**	**Rehabilitation**	**Subtotal**	**Claims Administration**	**Total 2004**
Balance, beginning of year	**$ 63,729**	**$ 831,643**	**$ 124,266**	**$ 141,576**	**$ 8,757**	**$1,169,971**	**$ 71,101**	**$1,241,072**
Growth in present value of benefits liabilities	**4,640**	**49,853**	**9,050**	**10,508**	**662**	**74,713**	**4,552**	**79,265**
Change in actuarial assumptions (a)	**-**	**18,065**	**175**	**4,023**	**196**	**22,459**	**1,338**	**23,797**
Actuarial experience adjustments (b)	**1,765**	**(37,773)**	**1,108**	**5,442**	**(949)**	**(30,407)**	**(2,368)**	**(32,775)**
	6,405	**30,145**	**10,333**	**19,973**	**(91)**	**66,765**	**3,522**	**70,287**
Claims costs incurred	**44,049**	**51,738**	**6,849**	**32,456**	**1,572**	**136,664**	**6,576**	**143,240**
Claims payments made	**(47,762)**	**(68,003)**	**(14,047)**	**(35,384)**	**(1,436)**	**(166,632)**	**(8,328)**	**(174,960)**
Balance, end of year	**$ 66,421**	**$ 845,523**	**$ 127,401**	**$ 158,621**	**$ 8,802**	**$1,206,768**	**$ 72,871**	**$1,279,639**

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Subtotal	Claims Administration	Total 2003
Balance, beginning of year	$ 64,161	$ 734,739	$ 121,835	$ 119,291	$10,453	$1,050,479	$ 63,967	$1,114,446
Growth in present value of benefits liabilities	4,701	54,639	8,813	8,846	794	77,793	4,743	82,536
Change in actuarial assumptions (a)	-	(87,907)	(544)	7,005	284	(81,162)	(4,942)	(86,104)
Actuarial experience adjustments (b)	(2,182)	(16,188)	2,823	9,116	(3,035)	(9,466)	(750)	(10,216)
	2,519	(49,456)	11,092	24,967	(1,957)	(12,835)	(949)	(13,784)
Claims costs incurred	39,776	50,116	4,755	29,971	2,044	126,662	6,122	132,784
Claims payments made	(42,727)	(62,556)	(13,416)	(32,653)	(1,783)	(153,135)	(7,567)	(160,702)
Adjustments to Benefits liabilities (c)	-	158,800	-	-	-	158,800	9,528	168,328
Balance, end of year	$ 63,729	$ 831,643	$ 124,266	$ 141,576	$ 8,757	$1,169,971	$ 71,101	$1,241,072

All liabilities were calculated using an underlying assumption of 3.5% for real rate of return on assets and a rate of increase in the Consumer Price Index equal to 4% per annum. The gross rate of return that results from the CPI and the real rate of return assumptions is 7.5% per annum. The inflation assumptions and the resulting net interest rates are as follows:

2004 and 2003 Category	Inflation Formula	Resulting Inflation Rate	Resulting Net Interest Rate
Supplementary Benefits	0.5% + CPI	4.5%	3.0%
LTD, Survivor Pensions	50% * CPI	2.0%	5.5%
Medical Aid, Rehabilitation and non-income*	1.75% + CPI	5.75%	1.75%
* 2003 assumption	1.5% + CPI	5.5%	2.5%
All others	CPI	4.0%	3.5%

The WCB's independent actuaries, in their report of February 24, 2005, have noted that limited claims experience is available in respect of earnings-loss benefits to be granted in the future upon aggregate benefits liabilities, as the earnings-loss system was only introduced in 1995. The portion of the WCB's recorded benefits liabilities for earnings-loss benefits to be granted in the future is $300,000.

Recorded benefits liabilities are based upon the best estimation techniques presently available to the WCB. However, it is possible that subsequent independent actuarial estimates may vary based upon the more extensive experience and data under the new earnings-loss procedures that will become available over time. The probability and the magnitude of such a variance, which could be material, is presently undeterminable.

a) In 2004, changes were made in the actuarial assumptions increasing the overall benefits liabilities by $23,797. The changes included;
   – Provisions for payments relating to medical claims increased the liability by $4,200, as a result of increasing the cost increase assumption from 1.5% to 1.75% greater than the Consumer Price Index.
   – Based on experience, the liability for Permanent Impairment Benefit and Extended Earnings Replacement Benefit awards was increased by $19,600 reflecting changes to the expected average age at injury date.

   In 2003, changes were made in the actuarial assumptions reducing the overall benefits liabilities by $86,104. The changes included;
   – Provisions for payments relating to medical claims increased the liability by $7,700, as a result of increasing the cost increase assumption from 1.0% to 1.5% greater than the Consumer Price Index.
   – Based on experience, the liability for pending claims was reduced by $118,600 with the introduction of new claims run off tables for the number of potential new Extended Earnings Replacement Benefit claims.
   – Based on experience, the liability for Permanent Impairment Benefit and Extend Earnings Replacement Benefit awards was increased by $24,800 reflecting changes to the expected average benefit amount and average age at injury date.

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.

c) On October 3, 2003 the Supreme Court of Canada found that certain sections of the *Workers' Compensation Act*, relating to compensation for chronic pain, are unconstitutional. The Supreme Court further ruled that the unconstitutional sections of the *Act* and policies relating to chronic pain benefits were to be removed by April 3, 2004. There is a high probability that the changes associated with the regulations and policies will result in costs that will increase the benefits liability, however the magnitude of the costs are not yet determinable. Current estimates of the increase in liabilities for all employers range from $198,500 to $316,400. As described in Note 12, the benefits liabilities related to self-insured employers are not included in the WCB's benefits liabilities account. Current estimates of the increase in liabilities excluding the self-insured employer portion range from $158,800 to $253,000. No amount within the range is indicated as a better estimate than any other. The lower end of this range is included in the benefits liabilities of the current year financial statements with an additional $9,528 for future claims administration for a total of $168,328. The 2004 valuation estimate is unchanged from the $168,328 estimate made in 2003.

   Regulations were passed in July 2004 and policies were passed in September 2004 reflecting the Supreme Court decision.

9. ASSESSMENTS	**2004**	2003
Assessed employers	**$ 189,444**	$ 182,795
Self-insured employers (Note 12)	**32,520**	31,593
Assessment and reporting penalties	**1,229**	1,259
Premium adjustment charge	**474**	467
	$ 223,667	$ 216,114

Assessment revenue is shown net of bad debt expense of $1,056 in 2004 (2003 - $1,333).

10. ADMINISTRATION COSTS	**2004**	2003
Salaries and staff expense	**$ 22,455**	$ 19,507
Amortization	**2,444**	2,611
Services contracted	**1,594**	1,502
Communications	**1,520**	717
Building operations	**1,435**	1,337
Supplies	**974**	856
Travel and accommodations	**527**	489
Training and development	**458**	455
Professional fees	**281**	700
Equipment rental	**29**	29
Miscellaneous	**13**	19
	31,730	28,222
Decrease in liability for future administration costs	**(1,752)**	(1,445)
	$ 29,978	$ 26,777

11. LEGISLATED OBLIGATIONS	**2004**	2003
Occupational Health and Safety	**$ 5,851**	$ 4,531
Workers' Compensation Appeals Tribunal	**1,301**	1,478
Workers' Advisers Program	**2,264**	2,062
Injured Workers' Associations	**75**	75
	$ 9,491	$ 8,146

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 Nova Scotia Environment and Labour.

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.

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.

Injured workers' associations 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 Environment and Labour deems appropriate or the Governor in Council prescribes.

12. SELF-INSURED EMPLOYERS

These financial statements include the effects of transactions carried out for self-insured employers – federal and provincial government bodies and former bodies – who directly bear the costs of their own incurred claims and an appropriate share of administration costs.

	2004	2003
Revenue	**$ 32,521**	$ 31,593
Claims costs incurred		
Short-term disability	**$ 4,296**	$ 4,396
Long-term disability	**15,931**	15,223
Survivor benefits	**3,045**	3,021
Health care	**4,433**	4,187
Rehabilitation	**122**	200
	27,827	27,027
Administration costs	**4,694**	4,566
	$ 32,521	$ 31,593

The benefits liabilities related to self-insured employers have not been included in the WCB's benefits liabilities account. As these liabilities will be borne by those employers when paid in future years, they do not add to the WCB's unfunded liability.

As of January 1, 2003, four former federal government bodies ceased to be self-insured and paid assessment premiums. One employer has reached an agreement with the WCB and the WCB is continuing to negotiate the transitional arrangements related to benefits liabilities for injuries occurring on or before the date they ceased to be self-insured with the three remaining employers.

13. RELATED PARTY TRANSACTIONS

The WCB provides self-insured coverage to provincial government agencies and departments. The Province, as a self-insured employer, reimburses the WCB for their own incurred claims and a share of administration costs. The amounts included in Note 12 for the Province of Nova Scotia are as follows:

	2004	2003
Revenue	**$ 3,909**	$ 3,956
Claims costs incurred	**$ 3,139**	$ 3,247
Administration costs	**770**	709
	$ 3,909	$ 3,956

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 to and due from related parties are non-interest bearing and under normal credit terms. At December 31, 2004, the amount receivable from the Province of Nova Scotia was $596 (2003 - $440).

The WCB invests short-term funds in promissory notes of the Province of Nova Scotia. Interest earned on these investments totalled $748 in 2004 (2003 - $823). Total funds invested in notes due from the Province as at December 31, 2004 were $25,000 (2003 - $19,000) bearing an average interest rate of 2.48% (2003 - 2.71%).

14. INDUSTRY LEVIES

As a result of Orders-in-Council, the WCB has levied a surcharge against the industries listed below to fund a portion of the operating costs of safety and health training programs conducted by the industries. The amounts collected have been disbursed as directed by the Orders-in-Council. 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 Operations and Unfunded Liability.

Industry	Payee	**2004**	2003
Construction	Nova Scotia Construction Safety Association	**$ 819**	$ 850
Forestry	Forestry Safety Society	**$ 276**	$ 282
Trucking	Nova Scotia Trucking Safety Association	**$ 208**	$ 215
Retail Gasoline	Retail Gasoline Dealers' Association	**$ 20**	$ 23

15. COMMITMENTS

The WCB has committed to the following operating lease payments, for office premises and equipment, over the next five years and in aggregate:

2005	**$ 929**
2006	**880**
2007	**850**
2008	**798**
2009	**646**
	$ 4,103

16. EMPLOYEE PENSION PLAN

Employees of the WCB participate in the Public Service Superannuation Fund (the "Plan"), a contributory defined benefit pension plan administered by the Province of Nova Scotia, which provides pension benefits based on length of service and earnings. Contributions to the plan are required by both employees and the WCB. Total employer contributions for 2004 were $1,115 (2003 - $951) and are recognized as an expense in the period. The WCB is not obligated for any unfunded liability, nor does the WCB have any entitlement to any surplus that may arise in this Plan.

WCB Salaries and Benefits

December 31, 2004

	2004					2003	
	Number of Individuals	**Salary**	**Benefits**	**Other**	**Total**	Number of Individuals	Total
Chair, Board of Directors	1	$ 34,800			$ 34,800 [1]	1	$ 23,400
Board of Directors	9	66,150			66,150	9	61,400
	10	100,950	$ -	$ -	100,950	10	84,800
Chief Executive Officer	1	86,733	8,081	14,365	109,174 [2]	1	110,362
VP Client Services (vacant from June 1, 2004 to December 31, 2004)		43,239	6,774	3,611	53,624 [2]	1	124,238
VP Strategic Services (vacant from November 8, 2004 to December 31, 2004)	1	84,814	10,933	3,400	99,146 [3]	1	115,219
VP Corporate Services & Chief Financial Officer	1	97,449	12,240	3,171	112,860	1	117,238
VP Prevention & Corporate Development	1	99,164	12,376	13,211	124,751	1	120,391
VP Marketing, Communications & Human Resources	1	17,363	1,767	3,373	22,503 [3]		
	5	428,761	52,172	41,131	522,058	5	587,448
Staff Salaries & Benefits (Average: 2004 - $56,554; 2003 - $55,091)	370	17,827,706	2,977,490	119,838	20,925,035	334	18,400,371
Employee future benefits				921,100	921,100		452,200
Administration - Salaries & Benefits	385 [5]	$ 18,357,417	$ 3,029,662	$ 1,082,069	$ 22,469,143 [4]	349	$ 19,524,819

[1] The Chair's remuneration is based on a daily per diem allowance of $300 to a maximum of $40,000 per annum. The Deputy Chair and all other Board members receive a per diem of $150 for Board meetings and related work. The Deputy Chair receives a per diem of $200 for days acting in the capacity of the Chair.

[2] The new CEO, former VP Client Services, was appointed June 1, 2004 at the annual salary of $147,500.

[3] The VP Marketing, Communications & Human Resources position is new and replaces the former VP Strategic Services position, effective October 18, 2004.

[4] Salary includes regular base pay. Benefits include the employer's share of employee benefits-CPP, EI, Pension Plan, Health/Dental Plan, Life Insurance & LTD. Other includes Vacation Payout and Travel Allowance. Total Salaries and Benefits in 2004 of $22,469,143 (2003 - $19,524,819) varies by $14,278 (2003 - $17,975) from Note 10 in the Financial Statements due to Travel Allowances disclosed in "Other", which is posted to Travel and Accommodations in Note 10.

[5] This figure represents the average number of staff members on payroll during the year.

Actuarial Certificate

We have completed an actuarial valuation of the benefits liabilities for insured employers under the *Workers' Compensation Act* of Nova Scotia as at December 31, 2004, for the purpose of providing input to the Financial Statements of the Board.

Our estimate of the benefits liabilities of $1,279,639,000 represents the actuarial present value at December 31, 2004, 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, 2004. The liability estimate includes $168.3 million, determined by the Board's staff, to be the value of claims and administrative costs that may arise because of the Supreme Court of Canada's decision to disallow certain provisions of the *Act* that deal with chronic pain claimants. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease.

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.

The liabilities have been broken down into six categories, namely: short-term disability; long-term disability; survivor benefits; health care; rehabilitation and administration.

All liabilities have been calculated using underlying assumptions of 3.50% real rate of return on invested assets and rates of increase in the Consumer Price Index (CPI) equal to 4.00% per annum. These assumptions are unchanged from those used in the actuarial valuation as at December 31, 2003.

The CPI assumption equates to inflation rates for indexing of benefits of 2.00% per annum in respect of long-term disabilities and permanent survivor benefits, as indexing is at 50% of the rate of increase in the Consumer Price Index in Nova Scotia for these categories.

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 survivor 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 4.0% per annum has been used to project future cash flows for short-term disability claims and the non-permanent portion of survivor benefits. For health care and non-income rehabilitation benefits, we used an inflation rate of 5.75% per annum reflecting the greater expected inflation and utilization rate on these items.

We have reviewed the valuation data to test for reasonableness and consistency with the data used in prior years. Including the provision for administration, the liability established for permanent awards to be granted in the future is about $300 million (about 23% of all liabilities). It is our opinion that the data are sufficient and reliable for the purpose of this valuation.

In our opinion, the actuarial assumptions are appropriate for the purpose of the valuation and the methods employed are consistent with sound actuarial principles. Our valuation report has been prepared and our opinions have been given in accordance with accepted actuarial principles.

Paul Conrad

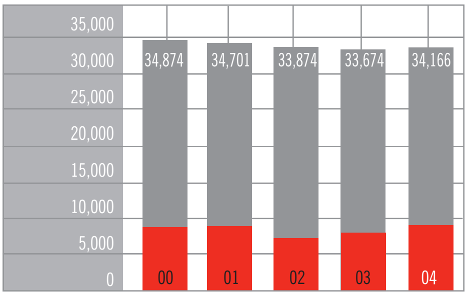
Paul G. Conrad, FCIA, FSA, MAAA
Eckler Partners Ltd.

2004 STATISTICAL SUMMARY

In 2004:

- The total number of claims registered increased by 1.5% from 33,674 in 2003 to 34,166 in 2004.
- The total number of time-loss claims in 2004 is 9,298. This represents an increase of 3.4% from the 2003 total of 8,996.
- ‘Sprains and strains’ were by far the most common type of time-loss injury, with the back being the most common part of the body injured.
- The average duration of time-loss claims increased 7.3% from 100.5 days to 107.8 days in 2004.
- Total assessable payroll has increased steadily since 2000. The current figure is $7.40 billion, a 19.5% increase from the 2000 figure of $6.19 billion.
- Nova Scotia’s targeted average assessment rate of $2.57 per $100 of payroll was the second highest among the 12 Canadian WCBs. The actual rate was $2.59 per $100 of payroll as of February 28, 2005.
- The capitalization ratio increased from 67.2% in 2003 to 72.4% in 2004. The capitalization ratio is the WCB’s total assets divided by its total liabilities.

Status of New Claims



	00	01	02	03	04
Compensable Time Loss	9,061	9,200	8,769	8,996	9,298
Other					
No Compensable Time Loss	22,268	21,743	20,846	19,684	18,339
Not Pursued or Disallowed	3,545	3,758	4,259	4,994	6,529
Other Subtotal	25,813	25,501	25,105	24,678	24,868
Total	34,874	34,701	33,874	33,674	34,166
Fatalities	23	27	28	22	27
Clients with Registered Claims	30,110	29,942	29,449	29,395	29,776

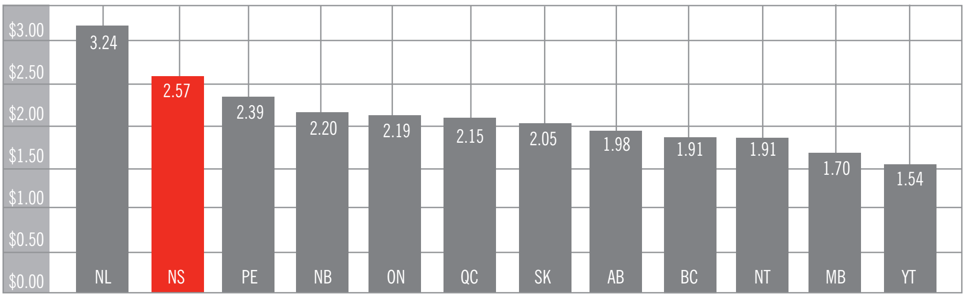
Claims represented are those registered during the report year. Time-loss claims are defined as those claims that received a time-loss benefit during the report year, or within two months of the report year.

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.

Fatalities include all work-place injuries that resulted in the death of a worker as reported by the Occupational Health and Safety Division of Nova Scotia Environment and Labour. Not all of these deaths resulted in a WCB claim as not all workers require coverage.

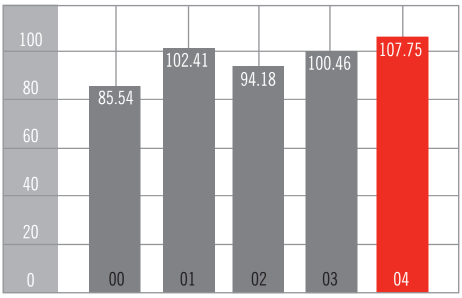
Targeted Average Assessment Rate

All provinces, per $100 of assessable payroll, 2004



Average Duration of Short-Term Disability Claims

Using AWCBC Composite Method (calendar days)



Claims Registered by Firm

Number of Firms	Number of Claims Registered 2004	% of all Firms	Number of New Claims Registered	% of New Claims Registered
15	200 or more	0.08%	7,110	21.11%
39	100 or more	0.22%	10,541	31.30%
90	50 or more	0.51%	14,228	42.25%
218	25 or more	1.23%	18,548	55.08%
534	10 or more	3.02%	23,196	68.88%
1,068	5 or more	6.05%	26,641	79.11%

Assessable Payroll by Industry

For Nova Scotia, 2004

	Assessable Payroll ($ millions)	% of Total Assessable Payroll	Number of Claims Registered	% of Claims Registered (Non Self Insured)
Manufacturing	$1,276.9	17.3%	7,099	22.1%
Health and social services	1,203.5	16.3%	5,625	17.5%
Retail trade	952.5	12.9%	3,658	11.4%
Construction	690.2	9.3%	2,921	9.1%
Wholesale trade	608.0	8.2%	1,973	6.2%
Transportation/Storage	428.4	5.8%	1,591	5.0%
Government services	402.3	5.4%	1,340	4.2%
Accommodation/ Food/Beverages	391.9	5.3%	2,466	7.7%
Business services	361.5	4.9%	614	1.9%
Communication/ Utilities	269.6	3.6%	622	1.9%
Other services	264.1	3.6%	1,078	3.4%
Fishing/Trapping	193.7	2.6%	658	2.1%
Mining/Quarries/ Oil wells	98.2	1.3%	181	0.6%
Real estate/ Insurance agents	73.5	1.0%	192	0.6%
Education services	57.3	0.8%	73	0.2%
Logging/Forestry	56.8	0.8%	260	0.8%
Agriculture/ Related services	43.3	0.6%	214	0.7%
Finance/Insurance	24.0	0.3%	24	0.1%
Unknown	0.0	0.0%	1,442	4.5%
Total	**$7,395.7**	**100.0%**	**32,031**	**100.0%**

Compensable Time-Loss Claims and Injury Frequency by Industry

Injury Frequency Rate: Time-Loss Claims per 100 Covered Workers

	2003		**2004**	
	# Claims	Injury Frequency	**# Claims**	**Injury Frequency**
Manufacturing	1,808	4.1%	**1,937**	**4.4%**
Health and social services	1,536	3.7%	**1,735**	**4.1%**
Retail trade	940	2.0%	**992**	**2.0%**
Construction	801	3.8%	**776**	**3.6%**
Government services	842	2.8%	**800**	**1.4%**
Accommodation/ Food/Beverages	692	2.7%	**637**	**3.5%**
Transportation/Storage	544	4.3%	**536**	**4.0%**
Wholesale trade	543	2.5%	**531**	**2.4%**
Communication/ Utilities	335	1.6%	**360**	**2.1%**
Fishing/Trapping	254	5.0%	**296**	**5.9%**
Other services	287	2.4%	**277**	**2.3%**
Business services	144	0.9%	**170**	**1.0%**
Logging/Forestry	88	4.9%	**86**	**4.5%**
Agriculture/ Related services	64	3.3%	**63**	**3.5%**
Real estate/ Insurance agents	59	2.1%	**58**	**1.9%**
Mining/Quarries/ Oil wells	36	1.3%	**29**	**1.1%**
Education services	18	0.8%	**9**	**0.3%**
Finance/Insurance	5	0.2%	**6**	**0.7%**
	8,996		**9,298**	

**Injury Frequency does not include self-insured firms*
**Total Compensable Time-loss Claims does include self-insured firms*

Nature of Injury

Compensable Time-Loss Claims

	2003	%	**2004**	**%**
Sprains, Strains	4,896	54.4%	**5,492**	**59.0%**
Nature Not Stated	1,415	15.8%	**1,316**	**14.1%**
Contusion, Crushing, Bruise	840	9.3%	**631**	**6.8%**
Cut, Laceration, Puncture	553	6.2%	**507**	**5.5%**
Fracture (includes teeth)	326	3.6%	**381**	**4.1%**
Inflamed Joint, Tendon, Muscle	192	2.1%	**229**	**2.5%**
Burn, Scald (hot or cold)	137	1.5%	**121**	**1.3%**
Diseases of the Nervous System	123	1.4%	**109**	**1.2%**
Scratches, Abrasions	115	1.3%	**104**	**1.1%**
All Other	399	4.4%	**408**	**4.4%**
Total	8,996	100.0%	**9,298**	**100.0%**

Part of Body

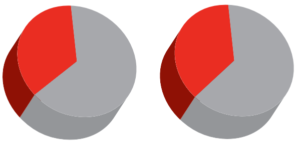
Compensable Time-Loss Claims

	2003	%	**2004**	**%**
Back	2,870	31.9%	**2,950**	**31.7%**
Multiple Parts	990	11.0%	**1,065**	**11.6%**
Shoulder	681	7.6%	**762**	**8.2%**
Leg	737	8.2%	**758**	**8.2%**
Finger	633	7.0%	**624**	**6.7%**
Arm (above wrist)	481	5.4%	**446**	**4.8%**
Wrist	424	4.7%	**441**	**4.7%**
Ankle	362	4.0%	**419**	**4.5%**
Hand (does not include fingers)	399	4.4%	**405**	**4.4%**
Foot (does not include toes)	268	3.0%	**262**	**2.8%**
Neck	201	2.2%	**213**	**2.3%**
Chest	188	2.1%	**189**	**2.0%**
Abdomen	117	1.3%	**134**	**1.4%**
Hip	131	1.5%	**105**	**1.1%**
All other	514	5.7%	**525**	**5.6%**
Total	8,996	100.0%	**9,298**	**100.0%**

Age at Injury Date
Compensable Time-Loss Claims

	2003	%	**2004**	**%**
Not Stated	2	0.0%	**1**	**0.0%**
Less than 20	254	2.8%	**242**	**2.7%**
20 to 24	797	8.9%	**794**	**8.5%**
25 to 29	859	9.5%	**845**	**9.1%**
30 to 34	1,073	11.9%	**1,025**	**11.0%**
35 to 39	1,280	14.2%	**1,204**	**12.9%**
40 to 44	1,498	16.7%	**1,600**	**17.2%**
45 to 49	1,283	14.3%	**1,456**	**15.7%**
50 to 54	986	11.0%	**1,128**	**12.1%**
55 to 59	685	7.6%	**709**	**7.6%**
60 to 64	235	2.6%	**264**	**2.8%**
65 or older	44	0.5%	**30**	**0.4%**
	8,996	100.0%	**9,298**	**100.0%**

Gender of Client
Compensable Time-Loss Claims



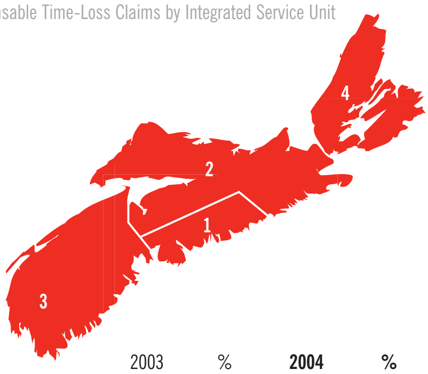
	2003	%	**2004**	**%**
Male	5,795	64.4%	**5,867**	**63.1%**
Female	3,201	35.6%	**3,431**	**36.9%**
	8,996	100.0%	**9,298**	**100.0%**

Quality Assurance Statistics
Appeals Filed

	2003	%	**2004**	**%**
Claims Registered	33,674	100.0%	**34,166**	**100.0%**
Appeals filed	312	0.9%	**314**	**0.9%**

Based on appeals filed within the year for claims registered within the year

Service Region
Compensable Time-Loss Claims by Integrated Service Unit



	2003	%	**2004**	**%**
1 Halifax Regional Municipality	3,460	38.5%	**3,595**	**38.7%**
2 Central & North Shore	2,082	23.0%	**2,096**	**22.5%**
3 South Shore & Valley	1,951	21.7%	**2,135**	**23.0%**
4 Cape Breton	1,453	16.2%	**1,432**	**15.4%**
Other	50	0.6%	**40**	**0.4%**
	8,996	100.0%	**9,298**	**100.0%**

MEREDITH PRINCIPLES

In 1910, in response to concerns about a lack of adequate funding for injured workers and a slow, inequitable court system, the Ontario government commissioned Sir William Meredith to produce a report on workers' compensation. Meredith reviewed the systems in the United States, France, England, Belgium and Germany, and recommended a system based on collective liability and a wage-loss approach to calculating benefits.

The main principles of Meredith's report include the following:

- Collective liability, under which all employers share the responsibility for benefits to injured workers;
- No fault, under which the worker gains the right to benefits regardless of fault, in return for giving up the right to sue;
- Universal coverage, under which all workers are eligible to receive benefits;
- Industry funding, under which the entire costs of benefits are covered through levies on employers;
- State administration, under which the state assumes responsibility for the collection of employer contributions and the awarding and distribution of benefits to injured workers;
- Exclusive jurisdiction, under which the administrative Board (the WCB) has the power to inquire into, re-hear and re-adjust all issues as necessary;
- Security of payment, whereby the worker's claim was separated from the employer's ability to pay and guaranteed by an accident fund under the WCB's administration; and
- Calculating benefits based on wage loss, whereby an injured worker receives benefits based on a calculation of wages lost as a result of the injury.

HALIFAX OFFICE
5668 South Street
P. O. Box 1150
Halifax, NS B3J 2Y2

Tel: 902 491 8999
Toll Free: 1 800 870 3331
General Fax: 902 491 8002
Injury Reporting Fax: 902 491 8001

SYDNEY OFFICE
336 King's Road
Suite 117
Sydney, NS B1S 1A9

Tel: 902 563 2444
Toll Free: 1 800 880 0003
Fax: 902 563 0512

VIRTUAL OFFICE
Web Site: www.wcb.ns.ca
E-mail: info@wcb.gov.ns.ca

Workers' Compensation Board of Nova Scotia