

Report to the Community

second quarter 2012

Statement of Financial Position

as at:

	June 30 2012 (Unaudited) (\$000s)	June 30 2011 (Unaudited) (\$000s)	December 31 2011 (Audited) (\$000s)
Assets			
Cash & cash equivalents	\$ 3,450	\$ 1,666	\$ -
Receivables	26,439	24,596	19,876
Investments	1,096,238	1,070,327	1,050,610
Property and equipment	4,194	4,589	4,594
Intangible assets	672	1,049	881
	\$ 1,130,993	\$ 1,102,227	\$ 1,075,961
Liabilities and Unfunded Liability			
Bank indebtedness	\$ -	\$ -	\$ 1,366
Payables and accruals	17,509	17,522	13,010
Lease liabilities	124	211	168
Post employment benefits	23,068	17,088	22,065
Benefits liabilities	1,734,814	1,665,846	1,705,957
	1,775,515	1,700,667	1,742,566
Deferred revenue	10,896	10,282	-
Unfunded liability	(655,418)	(608,722)	(666,605)
	\$ 1,130,993	\$ 1,102,227	\$ 1,075,961

Statement of Cash Flows

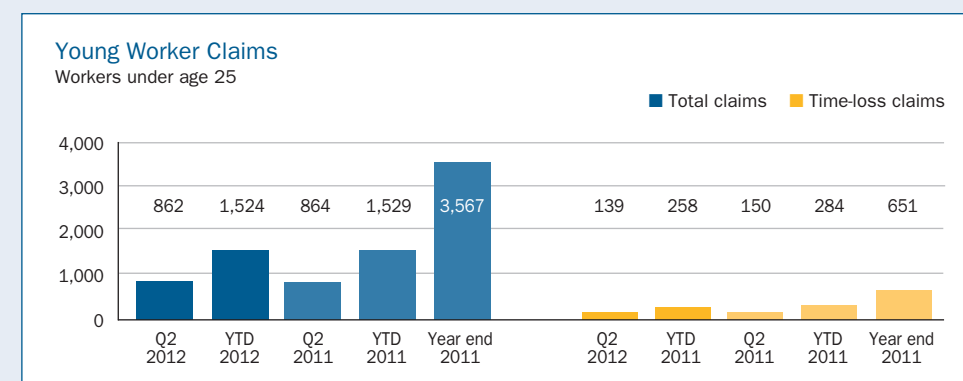
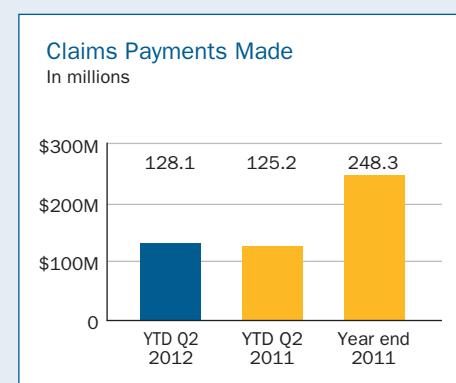
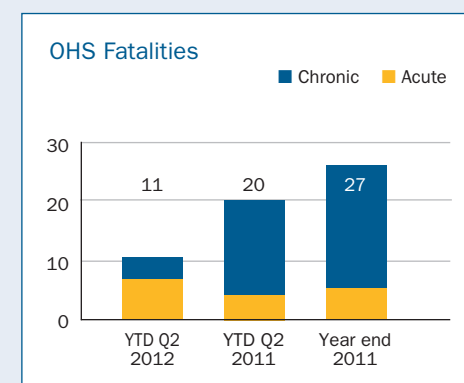
for the six months ended June 30 (unaudited)

	June 30 2012 (\$000's)	June 30 2011 (\$000's)
Operating Activities		
Cash received from:		
Employers, for assessments	\$ 148,273	\$ 144,281
Investment income	31,045	36,056
	179,318	180,337
Cash paid to:		
Claimants or third parties on their behalf	(119,961)	(117,602)
Suppliers, for administrative and other goods and services	(23,422)	(22,804)
	(143,383)	(140,406)
Net cash provided by operating activities	35,935	39,931
Investing Activities		
Increase in investments	(30,941)	(35,982)
Cash paid for:		
Purchase of equipment	(178)	(460)
Net cash used in investing activities	(31,119)	(36,442)
Net increase in cash and cash equivalents	4,816	3,489
(Bank indebtedness), beginning of year	(1,366)	(1,823)
Cash and cash equivalents, year-to-date	\$ 3,450	\$ 1,666

Statement of Operations and Unfunded Liability

for the six months ended June 30 (unaudited)

	Quarter 2 2012 (\$000s)	Quarter 2 2011 (\$000s)	YTD June 30 2012 (\$000s)	YTD June 30 2011 (\$000s)
Revenue				
Assessments	\$ 76,149	\$ 71,140	\$ 145,439	\$ 138,535
Investment income	(10,368)	6,430	45,738	35,507
	65,781	77,570	191,177	174,042
Expenses				
Claims costs incurred				
Short-term disability	9,814	11,218	20,194	21,094
Long-term disability	23,632	24,175	47,184	45,290
Survivor benefits	1,229	1,347	2,402	2,375
Health care	15,517	13,976	28,865	28,573
Rehabilitation	208	222	415	445
	50,400	50,938	99,060	97,777
Growth in present value of benefits liabilities and actuarial adjustments	24,927	30,434	52,997	56,991
Administration costs	10,576	10,703	21,081	20,263
System support	214	210	426	389
Legislated obligations	3,207	3,030	6,426	6,254
	89,324	95,315	179,990	181,674
Comprehensive (loss) income	(23,543)	(17,745)	11,187	(7,632)
Unfunded liability, beginning of period	(631,875)	(590,977)	(666,605)	(601,090)
Unfunded liability, end of period	\$ (655,418)	\$ (608,722)	\$ (655,418)	\$ (608,722)



Operational highlights

Rates remain stable, progress noted in some sectors

For the ninth consecutive year, the average rate for 2013 is holding steady at \$2.65 per \$100 of assessable payroll. Rates are decreasing by more than ten per cent in a number of industries including printing, shipbuilding and boatbuilding, used goods moving and storage and dairy farms. Bakeries, site work (excavating, paving and landscaping), stevedoring, general freight trucking and building material sales, are among the industries whose rates are increasing. The hard work of employers and stakeholders in nursing homes, in fishing, and in other industries is contributing to positive rate change in those sectors as well.

On September 1, the WCB is making assessment rates more responsive

The WCB announced changes to our rate-setting model along with the 2013 rates. Overall the changes incent positive change and will help to reduce the human and financial cost of workplace injury. They make rates more responsive to action taken by employers to improve safety. It's a forward-looking model that doesn't only rely on past experience. It helps the WCB continue to live its vision to be at

the forefront of prevention and an active partner in workplace safety.

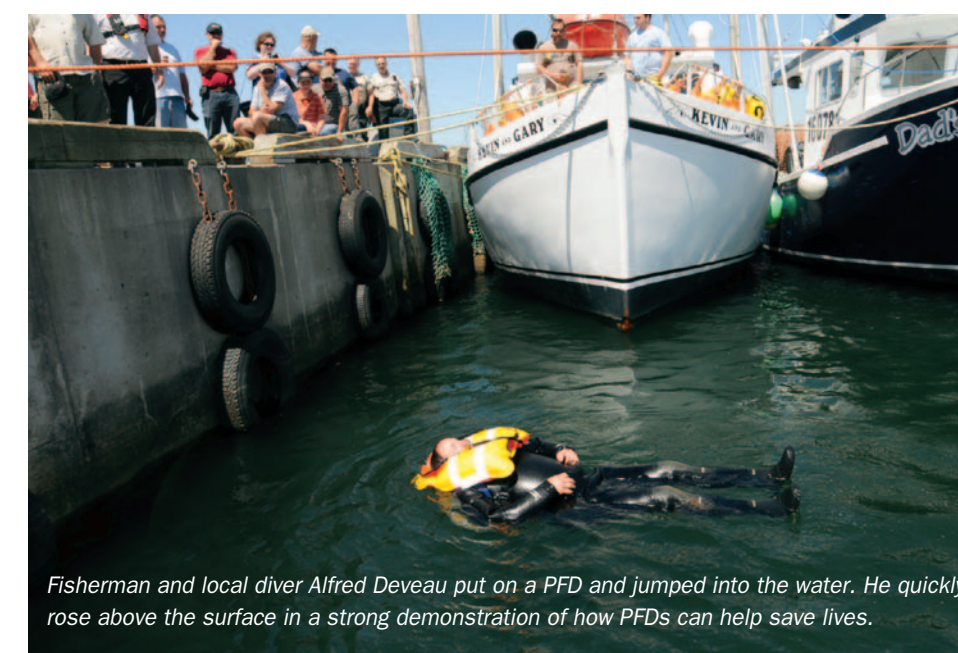
For more information about the WCB's rate enhancements, visit our website at www.wcb.ns.ca/rates.

Promoting safer workplaces in the fishing sector

During National Drowning Prevention Week, the WCB, the Nova Scotia Department of Labour and Advanced Education and the Nova Scotia Fisheries Safety Association promoted the use of personal flotation devices (PFDs) with an outreach event and demonstration in Cheticamp on July 12th.

Improving safety in the fishing industry is a key priority for the WCB. Nova Scotia fishers are 19 times more likely to be killed at work than other workers in the province. Across Canada, 41 people died in workplace accidents at sea between 2007 and 2010. Many of those fatalities – a total of 26 including chronic deaths – happened in Nova Scotia. Fishing has one of the highest injury rates. About 3.81 of every 100 workers in the industry suffer a lost-time injury. That means fishing has nearly double the average rate for all other industries.

See *Highlights* continued inside



Fisherman and local diver Alfred Deveau put on a PFD and jumped into the water. He quickly rose above the surface in a strong demonstration of how PFDs can help save lives.

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Investment in injury prevention and healthcare showing dividends

New milestones achieved for injury rate and long-term claims

As our operational reporting reaches the half-way mark of 2012, we continue to see our investments in prevention, health care, and effective claims management pay off, with the achievement of major milestone declines in our injury rate and long-term claims volume.

While we know there is still plenty of work to be done, we are encouraged by results this quarter, which are driving reductions in the human and financial toll that workplace injury takes on Nova Scotians. The results speak to a larger success that a true safety culture is emerging in the province, and workers and employers across Nova Scotia are contributing to this trend.

Due to the tremendous hard work of WCB employees, the ongoing work of safety champions in workplaces, and the dedicated commitment of many stakeholders and partners across the province, the injury rate hit a new historic low this quarter reaching 1.93 injuries per 100 covered workers. On the whole, more Nova Scotians are working, but fewer of them are getting hurt. It is an encouraging sign with regard to safety in the workplace. While the injury rate may still change throughout the remainder of the year, we are optimistic that we will meet our year-end goal for this measurement.

The number of extended earnings replacement benefits (EERBs) claims awarded in the first half of this year is

at the lowest level it has been in many years. The reduction in the time loss claim volume experienced over the past six years and our investments in health care, injury prevention and return-to-work are beginning to translate into fewer EERBs.

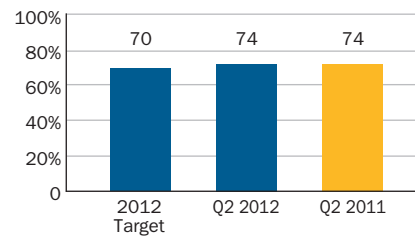
For the second quarter in a row, our performance measures continue to trend in the right direction. As such, we remain on track to continue to improve outcomes for workers and employers and to achieve the claims cost savings targeted for 2012. Our operational targets were met for the quarter, and workers and employers remain satisfied with the service we provide.

While we are seeing positive progress, we must remain cautious. There are variables within our performance measures we can more directly impact, while others are influenced by overall cultural, demographic, economic and social factors such as population health and global economics. These other considerations add to the case for change because a safe, healthy, working Nova Scotia is better positioned to attract and retain business and workers for economic prosperity over the long term.

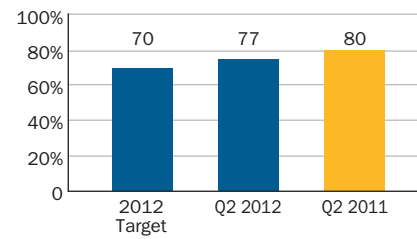
The WCB remains committed to the achievement of our organizational strategies and initiatives and we believe they continue to help us achieve a Nova Scotia safe and secure from workplace injury. ■

Service¹

Worker Satisfaction Index²



Employer Satisfaction Index



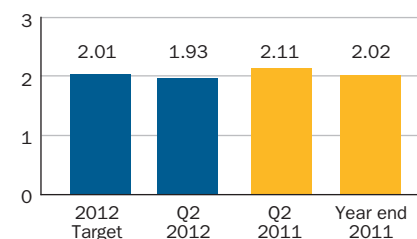
- Our second quarter Worker and Employer Satisfaction Indices results are above target at 74% and 77% respectively. We will continue to monitor these results carefully to ensure performance is maintained, as we continue to make further service enhancements.

Prevention

- At the end of Q2, the time loss Injury Rate is 1.93% and we are tracking ahead of our year-end target of 2.01. The time loss claim volume is 6,316, approximately 5% lower than anticipated and the calculated covered workforce is 0.3% higher than anticipated. While this is a positive result, the time loss claim volume and the calculated covered workforce are expected to vary over the remainder of the year: the time loss volume may increase as we cover more workers in riskier industries and reported payroll could drop off during the remainder of the year as workers' salaries reach the maximum assessable limit. That being said, we do anticipate exceeding our year-end Injury Rate target.
- At the end of Q2, the Claim Payments for the Past 3 Years per \$100 of Assessable Payroll (Payment Ratio) is performing favourably mainly due to the impact of higher payroll growth slightly offset by higher claims payments flowing from higher than anticipated health care payments. As the increase in claims payments is expected to put upward pressure on this measure, we are projecting that we will end the year close to our year-end target and within the forecasted range of \$0.6890 and \$0.7157.

Injury Frequency

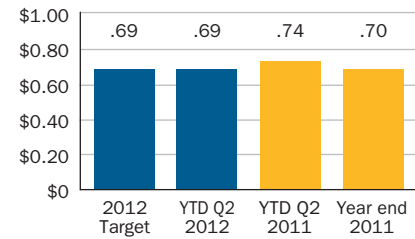
Time-loss claims per 100 covered workers



Financial

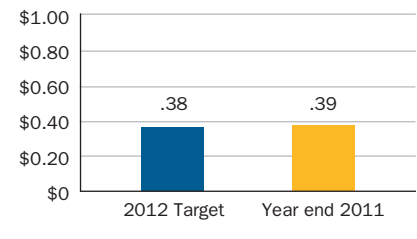
Cost Per \$100 Payroll

Claims payments made for injuries in the past 3 years

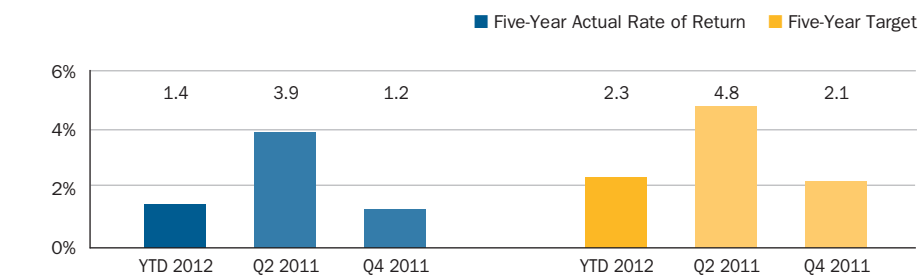


Administrative costs per \$100 of payroll

(excluding prevention costs)



Five-Year Rate of Return on Investment

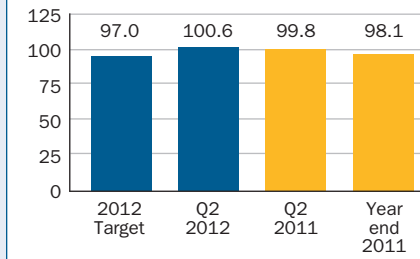


- Our Q2 result for Claims Payments for the Last 3 Years per \$100 of Assessable Payroll (also known as the Payment Ratio) is \$0.6855 and we are tracking ahead of our year end target of \$0.6901. This positive result is primarily due to an increase in the three year average payroll, which is ahead of plan slightly offset by higher health care payments.
- At the end of the second quarter, investment income year-to-date is \$45.7 million. Investment income is derived mainly from income on the long-term investments managed by external investment managers. The year-to-date return of 4.6% exceeded the benchmark return of 3.5%.
- The WCB's five-year rate of return for the period ending June 30, 2012 was 1.4% and the target of 2.3% was not achieved. The Funding Strategy (approved June, 2012) incorporates an average return of approximately 7% until full funding is reached.
- Year-to-date administrative expenditures were \$22.6 million with a \$3.5 million favourable variance from the \$26.1 million year-to-date budget estimate. Favourable variances relate mainly to the timing of project and capital expenditures (\$2.8 million) and smaller variances in salaries, training and development and depreciation. These variances are expected to be utilized by the end of the year.

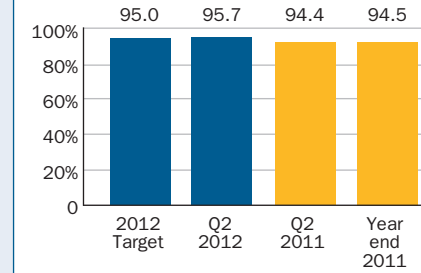
Return to Work

Duration Index

Composite index, excluding claims in Transition Services, in days



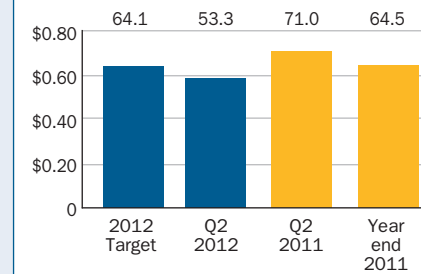
Return to Employability



Time Loss Days Paid per 100 Covered Employees



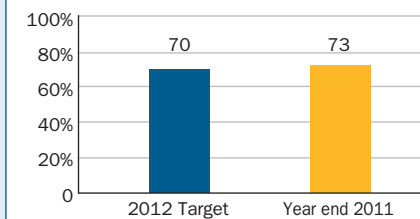
Cost of New Extended Earnings Replacement Benefits (EERBs)



- At the end of Q2, our Return to Employability result is stable at 96% and the number of days lost from work due to injury is continuing to decline.
- At the end of Q2, the Cost of New EERBs is \$53.31 million, approximately \$12 million more favourable than our year-end target of \$64.1 million. This positive outcome is mainly due to a lower than expected number of new awards for regular classified employers during the first six months of the year. As projected in the mid-year actuarial review, this is expected to result in a positive actuarial liability adjustment for long term disability at year-end, a clear signal that we are continuing to make real progress with long term disability claims.
- As of Q2, the Composite Duration Index (a measure that uses averaging in its calculation) is behind target at approximately 101 days. While we remain confident that we will achieve our overall 2012 savings targets (the total number of time loss days paid is decreasing), it is unlikely that we will achieve our year-end target of 97 days but we expect to end the year within the year-end forecasted range of 96 days and 102 days.

Employee

Employee Satisfaction Index³



³ Annual Index.

Highlights continued from the back page

Industry, government, and the WCB are working together toward further improvement. Further opportunities are being considered over the coming months to further promote the wearing of PFDs.

Advancing safety through research and education

As we work through some changes within our national research partnership, we continue to stay involved in Atlantic Canadian research, with our most recent funding supporting two new projects from Memorial University of Newfoundland and Labrador: "Educational Offerings in Occupational Health and Safety: A Survey of Canadian Post-Secondary Schools" and "Tracking Occupational Diseases: An Analysis for the Canadian Context." Both projects are anticipated to wrap up by early 2014.

Grades 9-12 - Let's Moodle!

While we continue to provide classroom resources, presentations and professional development supports to students and teachers in Healthy Living 9 (HL9), Career Development and Community Based Learning 10 and 11 and Co-Op 10-12 we are also working directly with the Nova Scotia Virtual School to provide digital and online options as well. Moodle is a widely used online learning system accessible only by public school students and teachers at all grade levels. Our first Moodle, launched in August 2011, is a resource tool for teachers delivering the safety module of HL9 and has been well received, so we're doing it again! By mid September 2012 we will have a wide variety of workplace health and safety resources posted to a new Moodle for all grade 10-12 teachers. It's another great collaboration between the WCB and our partners at the OHS Division of LAE and the Dept. of Education!

Young Workers: Speaking up about safety

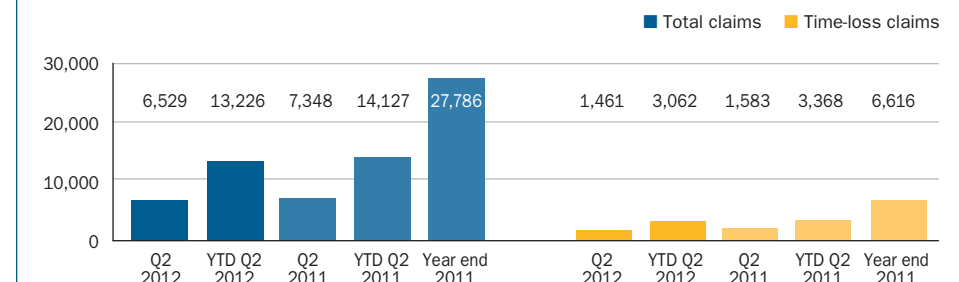
Over the past few months the campaign engaged employers, educators, students, young workers and their parents to help ensure young people stay safe at work. Last year, nearly 4,000 young people were hurt on the job in Nova Scotia. Over the summer roughly 70,000 young workers were employed at summer jobs. The campaign used unique and creative approaches to help make sure they returned home safe and healthy each day.

The campaign urged young workers, their parents and employers to have conversations about safety. In particular the campaign urged young workers to speak up if they have questions or concerns about safety in their workplace. ■



The campaign included print and radio ads, community and workplace posters, street teams at special events, and a unique entry in this year's Clam Harbour Beach Sandcastle Contest.

New Claims Registered



¹ Results for the Stakeholder Engagement Index will be reported biannually. Next index results are due in 2013.

² The Worker Satisfaction Index does not include workers on long-term benefits or those for claims with little or no time loss.