



A STEP AHEAD

Workers' Compensation Board of Nova Scotia Annual Report 2001

A STEP AHEAD

The Workers' Compensation Board is one participant in the workers' compensation system which is designed to serve all Nova Scotians and includes: workers and their representatives, employers, the medical community, WCB service providers, Workers' Advisers, the Workers' Compensation Appeals Tribunal, government those involved in injury and disease prevention, and the people of Nova Scotia themselves.

The Workers' Compensation Vision

The vision of the workers' compensation system is a healthy, working Nova Scotia.

WCB Mission

The mission of the WCB is to co-ordinate the workers' compensation system to assist injured workers and their employers by providing timely medical and rehabilitative support to facilitate the efforts of injured workers to return to work; and by providing appropriate compensation for work-related disabilities.

WCB Strategy

The WCB's strategy is to provide an effective administration in order to co-ordinate all of the partners in the workers' compensation system to focus their efforts on building a healthy, working Nova Scotia.

WCB Responsibility

The responsibility of the Workers' Compensation Board is to administer the *Workers' Compensation Act* in a manner that:

- reflects the purpose of the Workers' Compensation Act;
- is fair and consistent;
- is financially responsible;
- is sensitive to the needs of injured workers;
- anticipates and is responsive to the changing needs of our clients and changing workplace conditions; and
- is supportive of the prevention of injury and disease.

WCB Beliefs

The Board of Directors and staff of the Workers' Compensation Board believe:

- that injured workers deserve fair, appropriate compensation, medical and rehabilitation support;
- that all injured workers want to return to work;
- that all partners in the workers' compensation system have a responsibility to assist injured workers to return to work; and
- that all partners in the system must co-operate to achieve a healthy, working Nova Scotia.

Message to the Minister of Environment and Labour

*The Honourable David Morse,
Minister of Environment and Labour*

I have the pleasure to submit the report of the Workers' Compensation Board of Nova Scotia for the year ended December 31, 2001.

Respectfully submitted,



*Dr. Oscar Wong
Deputy Chair*

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YEAR AT-A-GLANCE

(Dollar amounts in millions, unless noted)

	2001	2000	1999
Number of Claims Registered	34,701	34,874	35,010
Number of Compensable Time-loss Claims Registered	9,200	9,061	8,200
Average Claim Duration (days)	102.4	85.5	82.6
Targeted Average Assessment Rate*	\$2.54	\$2.54	\$2.54
Total Assessable Payroll (billions)	\$6.45	\$6.19	\$5.82
Total Assessment Revenue	\$189.9	\$194.2	\$180.4
Total Investment Income	\$48.6	\$62.1	\$52.8
Total Assets	\$730.9	\$664.0	\$561.8
Total Administration Costs	\$24.5	\$25.4	\$22.6
Legislated Obligations	\$7.1	\$7.3	\$5.2
Total Claims Costs Incurred	\$119.2	\$107.6	\$98.3
Excess of Revenues over Expenses	\$18.4	\$33.7	\$31.2
Total Liabilities	\$1,020.2	\$971.8	\$900.6
Unfunded Liability	\$289.3	\$307.8	\$338.8
Percentage Funded Ratio	71.6%	68.3%	62.3%
Timeliness of First Payment **	60.2%	50.0%	42.0%

* *(per \$100 of assessable payroll)*

** *(percentage of payments made within 15 days of the accident)*



MESSAGE FROM THE CHAIR AND CEO

IN 2001 A NUMBER of significant steps were taken in the implementation of the WCB's Long-term Business Plan (LTBP). That plan is designed to look at both the way the WCB operates and the type of services it provides. The focus is to improve service by making technological, procedural, and structural changes to provide better service to the province's injured workers and employers.

In 2001, many of these new technologies and approaches to improving the system came into effect with resulting service improvements. The technical underpinnings of this new approach position us, with our partners, to be able to take advantage of future opportunities for improvement. It is the WCB's objective to do this in a pro-active and financially responsible manner.

While we experienced progress on the service and technological front, the 2001 financial results present a number of challenges. This is a result of the slow down in certain sectors of our economy, a reduction in the investment market and increasing claim costs. While progress was made in improving the funded percentage to 71.6% our seven-year trend of making significant advances in reducing the unfunded liability faster than originally planned clearly came to an end.

In last year's Annual Report it was noted that cost increases were caused by increasing claim volumes and durations. The good news on the financial side is that the significant 11% one-year increase in the volume of time-loss claims that occurred in 2000 did not continue. However, the volume in 2001 did not drop back to the historical level but held steady at about 9,000 time-loss claims, almost 1,000 cases over the previous trend of about 8,000.

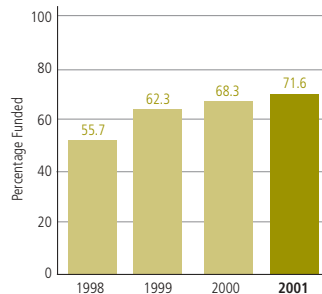
Any imbalance in the system, such as benefit costs increasing more quickly than revenues, must be analyzed in the context of how it affects the Funding Strategy. In the case of the financial results, it is imperative that the Board of Directors look at the balance between those high level factors in the Funding Strategy which the Board of Directors itself directly controls: assessment rates paid by employers; the amount of time required to eliminate the unfunded liability; the variables affecting these calculations and how they have been affected by the recent claims experience.

It is also important to note that because Nova Scotia only moved to implement an earnings loss system in 1996, the full long-term costs and performance of the system still have yet to become clear. The financial results in 2001 mean that the WCB was not able to reduce the unfunded liability by as much as originally forecast in the Funding Strategy adopted in June 2001, contributing \$18.4 million towards its elimination instead of the planned \$42.9 million. In light of this recent experience and the potential long-term implications, the WCB's Board of Directors will have to consider all the variables in the Funding Strategy when they set revenue targets and assessment rates this June.

To respond to the previously noted increase in time-loss claims, the WCB hired additional client services staff in 2001 after it was determined that we were not simply dealing with a one-time spike in volume. These new case managers and adjudicators completed training early in 2002. Assuming stable claim volumes it will still be a number of months before we can expect to see the impact of the additional staff on our operations.

However, the WCB's technological and process improvements are starting to help us see service gains and will help, over time, with increasing work volumes. For example, the WCB's Client Services Delivery Model introduced in November 2000 removed a number of the barriers to effective service delivery. This in turn has allowed the WCB's Client Services staff to more quickly process and pay the initial benefit cheque to injured workers. As of December 31st, 65% of first cheques were paid to the injured worker within 15 days of being received at the WCB, up from 56% in 2000.

Percentage Funded



a step ahead — new solutions to improve the system

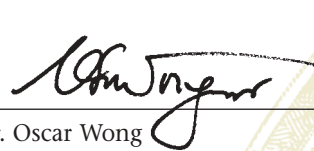
In 2001 the organization also continued to develop and implement far-reaching changes within the compensation system and the WCB. In a Canadian first, we partnered with the Canada Customs and Revenue Agency and Service Nova Scotia and Municipal Relations to provide businesses in Nova Scotia with faster, more convenient access to government services. The Nova Scotia Business Registry (NSBR) provides employers with one-stop, 24 hour-a-day, 7 day-a-week Internet access to government registrations, permits, licenses, and other services (www.nsbr.ca).

Through the NSBR, employers can access WCB Clearance Letters for their own company and their subcontractors. The NSBR provides the WCB and its partners with unique opportunities for further development, including more government agencies and a wider selection of services. The goal is to provide a more efficient service delivery system for employers that allows room for future growth. (For more information on the NSBR see page 9 of this report).

In 2001 the WCB also unveiled its electronic file system, E-file. This system converts all incoming information on an injured worker's claim file received by mail or fax — everything from doctors' reports to expense claims to letters — into an electronic format by scanning it into our computer system. This information is then kept in the worker's electronic claim file. WCB staff can now access this electronic information immediately, rather than spending time looking for the paper file. The system also notifies staff when new information is received on a worker's file. All new claim files opened since July in Cape Breton and November in the rest of the province are now electronic instead of paper. By providing our staff with easier, faster access to claims information we can provide faster, more effective service for injured workers. (For more information on E-File see page 8 of this report).

The WCB remains committed to providing excellent service, both now and in the future, and works diligently to ensure that this service is provided to the province's workers and employers in a manner that is fair, financially responsible, and sustainable. The Workers' Compensation Review Committee is scheduled to submit their report to the Government about the same time as this annual report is released. The WCB looks forward to studying this report, in anticipation that it will provide a further impetus for the continued evolution of Nova Scotia's workers' compensation system.

Our objective is to provide a compensation system that is responsive to new ideas and concepts in order to continue to improve the service provided to Nova Scotians. Through continuous learning as individuals and an organization, the Workers' Compensation Board of Nova Scotia is committed to continuing to take a step ahead to improve service.



Dr. Oscar Wong
Deputy Chair



David Stuewe
Chief Executive Officer



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE is the process and structure for overseeing the direction and management of a corporation so that it effectively fulfils its mandate. This involves both its public policy and corporate objectives. The following is an overview of the governance of the Workers' Compensation Board of Nova Scotia.

Mandate

The Board of Directors is responsible for the governance of the Workers' Compensation Board, and for the exercise of the powers and performance of the duties as set out in the *Workers' Compensation Act*. The Board of Directors oversees delivery of workers' compensation programs, develops policies in accordance with the Act to achieve delivery of these programs, and develops legislative proposals for consideration by government. The representative nature of the Board places members in a unique position to ensure that the legitimate interests of stakeholders are considered, while recognizing that they ultimately must act in the best interests of the organization and all the people and firms who rely on its services.

Structure of the Board of Directors

As specified by the *Workers' Compensation Act*, the Board of Directors consists of not more than 11 members appointed by the Governor in Council (Cabinet). Other than the Chair and Deputy Chair, the Governor in Council shall endeavor to appoint equal numbers of representatives of workers and employers. The Governor in Council may also appoint representatives of the public-at-large to be non-voting members of the Board. Currently there are three employer and three worker representatives on the Board, as well as two public-at-large representatives. The WCB's Board of Directors maintains standing committees on audit and finance, investments and governance.

A Fond Farewell...

On May 31, 2001, Innis Christie's term as Chair of the WCB's Board of Directors came to an end. Mr. Christie had been Chair of the WCB since 1996. He joined the Board as a non-voting member in 1995, with an accomplished background in labour law, industrial relations and labour arbitration. Under Mr. Christie's thoughtful guidance, the WCB's Board of Directors has provided the workers' compensation system with the leadership it needed to: implement a completely new *Workers' Compensation Act* in 1996 and subsequent amendments in 1999; establish a Functional Restoration Program to help injured workers manage chronic pain; and manage the legal process associated with the introduction of new legislation and the resulting policies. Mr. Christie led the WCB to a position where it can effectively plan for the future of the system, and the benefits of his vision can be seen in some of the results in this year's annual report. The WCB Board of Directors and staff thank him for his lasting contribution and wish him well in his future endeavors.

WCB Board Members

Chair - Vacant

Deputy Chair - Dr. Oscar Wong

Worker Representative - Roberta Morrison

Worker Representative - Jim Neville

Worker Representative - Charlene Long

Employer Representative - Gary Dean

Employer Representative - Elwood Dillman

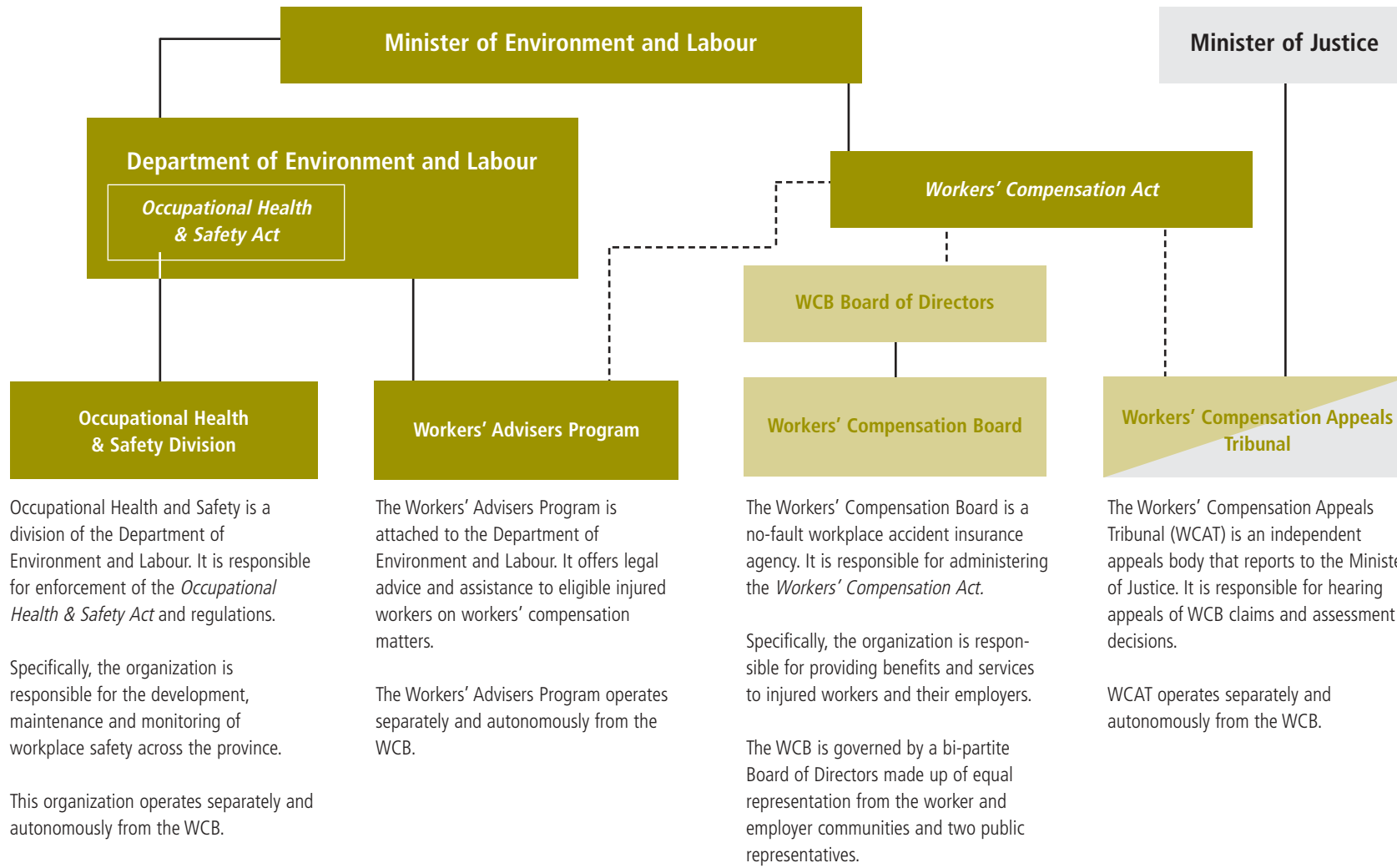
Employer Representative - James Melvin

Public-at-Large Representative - Paul LeBlanc

Public-at-Large Representative - James White



WORKERS' COMPENSATION SYSTEM



Partners in the Workers' Compensation System

- Injured Workers
- Health Care Community
- Employers
- Labour Community
- Employer Associations
- Educational System
- Service Providers
- Injured Workers' Associations
- Other government agencies



A STEP AHEAD — 2001 IN REVIEW

AS THE WCB enters the final year of the Long-term Business Plan, which is one part of its overall Corporate Plan, the organization has shifted its focus from addressing the past difficulties of the system to looking forward, steering the organization into a leadership role not only in Nova Scotia but throughout the country. The Long-term Business Plan was launched in 1998, and was designed to identify and resolve issues that the WCB and our stakeholders indicated were barriers to effective service. This five-year plan was the framework that allowed the WCB to implement a new service delivery model for injured workers and employers, develop a new assessment payment system, and improve the training and tools our staff receive as well as the environment in which they work.

Through the implementation of the Long-term Business Plan, the WCB made a dramatic shift in how it interacts with the compensation system and its stakeholders, and became a leader in further developments and improvements in the system, not only in Nova Scotia, but across Canada as well.

This year the WCB of Nova Scotia, and its provincial and federal government partners (Service Nova Scotia & Municipal Relations (SNSMR) and the Canada Customs and Revenue Agency), unveiled the Nova Scotia Business Registry (NSBR), which is a Canadian first. The NSBR provides employers with one-stop access to online government registrations, permits, licenses, and other services. Provided through the Internet, this system reduces duplication of effort for employers and gives them 24 hour-a-day, 7 day-a-week access to these services. In particular, employers can now register with the WCB on-line and obtain clearance letters (a letter from the WCB stating they have coverage) for their own companies as well as their subcontractors.

These services would not have been possible without the shared resources, knowledge, and infrastructure of all the partners, and the common Business Number (BN) provided by the system. This allows employers to use one identification number, whether they are dealing with the WCB, CCRA, SNSMR or other government agencies or departments. The new services that the NSBR provides to employers are only the first step in its long-term development. More government services will be added, and the capabilities of the site will be expanded.

Following the launch of the Client Services Delivery Model in November 2000, which improved internal processes and introduced “end-to-end” case management, this year we launched the Electronic Claim File system (or E-File). E-file is designed to further improve the speed and accuracy of the WCB’s internal case management practices by allowing simultaneous electronic access to injured workers’ claim files to appropriate staff.

Following a successful summer pilot in Sydney, E-File was rolled out in Halifax in November. The system scans all incoming documents on a worker’s file (whether they are accident reports, letters or doctors’ reports) and stores them in an electronic claim file. Once scanned, authorized WCB staff can access the e-file at any time, without the need to wait for a paper file to be moved around the building.

This means the information they need to assist an injured worker or employer is always right at their fingertips. The time and resources required to build this system represent a significant investment by the WCB, but this capability becomes a building block for the future, facilitating the eventual move to on-line accident reporting, and employer access to their claim and account files via the Internet.

a step ahead — developing new solutions

Another improvement in 2001, which came out of a 1999 initiative, is the continued development of the Diploma in Disability Case Management university program. WCB employees had indicated that they would like a more in-depth understanding of the disability case management process, as well as new or emerging issues in the field. The WCB looked for a course or training environment where this type of learning was possible, but there wasn't one readily available. So the WCB, working together with Dalhousie University, created their own.

The program remains one-of-a-kind in Canada, and because the course is delivered via the Internet, it has students from across the country. During 2001, three WCB employees graduated from the program. Also in 2002 Dalhousie University will be expanding the program to students from outside the insurance/case management field, which will allow graduates of the university's Faculty of Health Professions undergraduate programs to attend. The university will also offer the diploma as a co-op program, which will allow students to work in a case management field while going to class, providing valuable on-the-job experience.

The WCB made significant improvements in 2001, as a result of changes implemented in 2000. That year, the WCB launched its Client Services Delivery Model. This meant the WCB analyzed all of the activities that were undertaken when managing a worker's claim, and then worked to eliminate any unnecessary barriers or delays in the process. This meant establishing new processes and procedures, improving our computer systems, and restructuring how our staff performed their jobs. The results have already begun to show, as 60% of first benefit cheques are issued to workers within 15 days of their accident, a considerable improvement over the 50% in 2000. This is on par with similar measures throughout the rest of Canada. Our goal, however, remains to process 90% of benefit cheques within 15 days of the date of the accident.

The WCB made significant gains in each of these areas in 2001, but the emphasis was always on providing improved service to workers and employers, both now and into the future. In the past year, we were able to look beyond our present services to search for further opportunities for improvement, as well as new service alternatives. Many of our accomplishments during the year have had a major impact on service already, but they are also significant steps that we can use to help us, in conjunction with our stakeholders, continue to improve and refine the compensation system in the future.

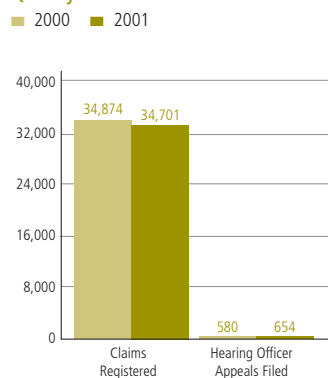
These are just a few of the 2001 improvements, more of which can be read about elsewhere in this report. The WCB will continue to embrace new solutions to improve service and build stronger relationships with our stakeholders. We also realize that while we continue to look for new opportunities and improvements, there are still areas within the compensation system that need to be addressed, and the WCB will continue to work on these solutions. All of these initiatives, in turn, will allow us to chart a course for the future of workers' compensation in Nova Scotia with the right balance of innovation and teamwork.

The organization's goal remains the same, to provide the best compensation system possible to the people of Nova Scotia. For the most part, the vision of how to get there is simple enough as well: set a goal, devise a plan to get there, and then work the plan. The WCB realizes that in order to accomplish our goal we have to continue to focus on four key areas: improving service, increasing our accountability to our stakeholders, involving stakeholders more fully in the compensation system, and ensuring that our staff has the skills and technology necessary to deliver the service our stakeholders require.

IMPROVING SERVICE

The WCB continues to provide injured workers and employers with steady improvements in the timeliness, responsiveness, effectiveness, and quality of service. The WCB is a service organization committed to providing quality workplace accident insurance to its clients, and ensuring that its service meets the present and future needs of all stakeholders.

Quality Assurance Statistics



The WCB's objectives are to improve:

- **timeliness and efficiency;**
- **consistency and accuracy;**
- **return-to-work success;**
- **responsiveness; and**
- **the treatment of individuals in a courteous and dignified manner.**

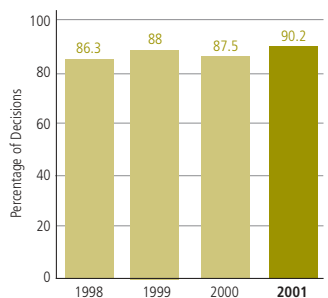
Improving service to injured workers and employers continues to be our first priority. In 2001 we:

- Fine-tuned the Assessment Payment Plan (APP). The APP is an effective payment system for employers, which allows them to pay their premiums periodically and through an increased number of payment channels. The APP was implemented in 2000 through the WCB's partnership with the Canada Customs and Revenue Agency (CCRA).

In 2001, the WCB offered employers who were submitting their payments more than once per month the temporary option of moving to a monthly cycle, in order to reduce the administrative burden it may have placed on these employers. In the same vein, employers who were required to report their payroll four times a month but had bi-weekly or semi-monthly payrolls, were offered two new payment frequencies.

The **Timeliness of Appeals Decisions** measures the percentage of Internal Appeals decisions that are issued within 90 days of when the appeal is filed.

Timeliness of Appeals Decisions



The ongoing partnership with CCRA has allowed the WCB to offer CCRA's new TeleReply service to all WCB-registered employers. This telephone service allows employers to report payroll for a specific reporting period. This is useful when an employer needs to report payroll when they are not making a payment; when they are closing their operations temporarily; or when they have a payroll of zero to report when they are not operating during a reporting period. The service removes the obligation for employers to submit a remittance voucher for the period. This has been a great assistance for seasonal industries in particular.

Seventy-eight percent of employers surveyed felt submitting their statements to the WCB and Canada Customs and Revenue Agency at the same time was beneficial, and the same percentage felt that the Assessment Payment Plan was helpful to their organization. The system is working as well, as 82% of employers surveyed indicated that they did not find it difficult to meet their reporting deadlines. By the end of the year more than 90% of APP payments were being submitted on time.

- Launched an electronic claim file system. Known as E-File, the electronic claim file allows any number of employees to work simultaneously on the same claim file. For example, one staff member could be issuing a benefit cheque; another could be settling an expense claim and a third could be making preparations for a retraining program. The system is also fully searchable, allowing employees to quickly access a particular claim or particular document within a claim, all while on the phone with a worker or employer.

E-file requires the WCB to change all of the incoming paper information into an electronic format via scanning, allowing the caseworker to keep better track of the developments on the file. This will mean faster and more complete access to all of the information needed to evaluate and process a claim, without the need to physically have the paper file. The system will also significantly reduce the chances for a misplaced document or file. The electronic claim file will also allow WCB staff access to claim information while on the road visiting employers and injured workers.

a step ahead — new solutions to improve service

By the end of the year, more than 6,200 claim files had been started as e-files. These files contain over 26,000 external documents (doctor's reports and accident reports) that were scanned into the system and over 13,000 internal documents that were created by WCB staff within the system itself. The E-file system was launched in July in Sydney and November in Halifax.

- Launched the Nova Scotia Business Registry. The Nova Scotia Business Registry (NSBR) provides employers wishing to do business in Nova Scotia with a single window through which they can access government registrations, licenses, permits and other services. Over the Internet, employers will have access to a system that gives employers 24-hour access to information from the partners involved in the initiative: CCRA, Service Nova Scotia and Municipal Relations (SNSMR), the WCB, and other agencies. It also acts as a central registry for address and contact information for the partner organizations, so that if an employer wishes to change its address, they can do it once on the NSBR site (www.nsbr.ca), and then the information is simultaneously changed for all of the partners.

This sharing of information and resources is made possible because employers have a unique Business Number that identifies them, whether they are dealing with SNSMR, CCRA, or the WCB. The site also allows businesses to pay for certain licenses and fees (it does not allow employers to make WCB payments, at this time), and allows employers 24-hour access to Clearance Letters for their own business and their subcontractors. To obtain a Clearance Letter, employers simply need to go to the site, follow the instructions on the user-friendly pages, and print out their Clearance Letter. There is no charge for this service.

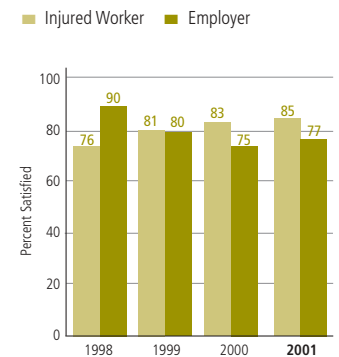
The Nova Scotia Business Registry is a Canadian first. It is the first time that a provincial government department (Service Nova Scotia and Municipal Relations), a federal agency (the Canada Customs and Revenue Agency), and a provincial agency (the WCB), have jointly developed a project of this magnitude. The development of the site has won numerous awards, including an honourable mention in the Institute of Public Administration of Canada's 2001 Innovative Management Awards.

The **Satisfaction with the Politeness of WCB staff** measures injured workers' and employers' satisfaction with the politeness of the WCB Assessment Services and Client Services Division's staff. This Corporate Performance Measure uses results that are drawn from the monthly injured worker and quarterly employer surveys. An independent research company conducts these surveys on the WCB's behalf.

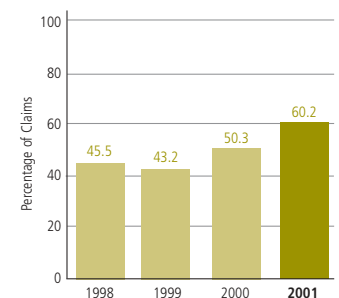
- Improved our claims processing time. The Client Services Delivery Model radically re-structured the way our Client Services Division manages injured workers claims, emphasizing the importance of fast, convenient, and accessible service (with one of the end goals of injured workers receiving their first benefit cheques more quickly). Although the WCB was in the process of launching a new claims system (E-File), by the end of 2001 60% of cheques were issued within 15 days of the accident date. This figure has improved from 50% in 2000, and 43% in 1999. Injured workers have stated through our surveys that getting the first cheque quickly from the WCB is one of the most important services the WCB can provide, and 75% feel they should receive their first benefit cheque within 15 days of their accident.

The **Timeliness of First Payment** measures how quickly a first payment is issued to an injured worker after their accident occurs. It is the percentage of first Temporary Earnings Replacement Benefit (TERB) cheques issued within 15 calendar days of the date their accident was reported to their employer or the date that their loss of earnings started. This Corporate Performance Measure (CPM) is used to determine how efficiently the WCB is processing injured workers' claims.

Satisfaction with Politeness of WCB Staff



Timeliness of First Payment



a step ahead — new solutions to improve service

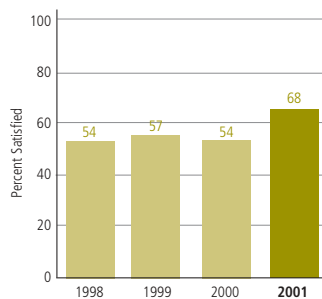
The **Satisfaction with Promptness of Benefits Delivery** measures how satisfied injured workers are with how quickly they get their first benefit cheque from the WCB. This Corporate Performance Measure uses results that are drawn from the monthly injured worker survey that is conducted on the WCB's behalf by an independent research company.

- Focused on improving front-line service. The technological and process improvements the WCB made in 2001 were an important step in providing better service to workers and employers. However, the workload analysis aspect of the Performance Measurement and Management System (see page 17) indicated that caseloads within the WCB were still a barrier to delivering the type of service that injured workers and employers required. Caseloads within the WCB were higher than most other jurisdictions in Canada, and although E-File would help more effectively manage case loads, there were not enough resources in either our Client Services Division or our Assessment Services Division to meet our goals—which are a reflection of our clients' requirements.

In 2000, an 11% increase in time-loss claims and a 17% increase in the duration of these claims meant that our Client Services staff were handling a greater volume of claims for a longer period of time. Further, on the Assessments side of our operations, a 7% increase in the number of registered employers, plus the expanded volume of transactions as a result of the Assessment Payment Plan meant that workloads in our Assessment Services Division also increased.

In 2001, the WCB extensively researched how to more effectively handle these volumes of work, and determined that an increase in front-line staff would be the most effective option. A plan was drawn up to add 24 new permanent staff to work in front-line positions. The increase in staff will allow the WCB to provide better service to all stakeholders and more effectively deliver on commitments made to injured workers and employers, while increasing our 2002 administrative budget by 5.2%. The majority of these resources were added late in 2001. The WCB will continue to monitor the volume of claims as well as the financial and resourcing impact of these new positions throughout 2002.

Satisfaction with Promptness of Benefits Delivery



A Change of Course

While working as a summer student with a manufacturing plant in the Annapolis Valley, Tanya Cholomondeley's life changed forever. As a 20-year old, she was working on the plant floor when her arm got caught and she was dragged into a piece of machinery. Tanya was rushed to the hospital where the doctors told her that her right arm had been broken in nine places, including her humerus, radius, and ulna.

The doctors performed surgery almost immediately and placed screws and a metal plate in her elbow in order to help the bones mend properly. After recovering sufficiently, Tanya met with her WCB Vocational Rehabilitation Counsellor, Margaret McKenzie, and her Case Manager, Marjorie Harnish to help her plan her next step. Tanya had several more surgeries on her arm, and attended physiotherapy in order to recover the function in her dominant right hand.

Her recovery process was lengthy, and she was absent from the workforce for nearly four years. During this time Tanya worked with her WCB Case Management Team to develop a strategy to return to the workforce. However, her injury had left her with some permanent ligament and muscle damage and precluded her from going back to her previous employer.

Margaret and Tanya went through a skills analysis and began to look for suitable work in her area. "Tanya worked really hard at getting herself in shape and ready to get back into the workforce," says Margaret. Tanya had an interest in environmental sciences, and there were many employment opportunities in this field. The WCB helped Tanya attend a Water Resource Technology Program at the Nova Scotia Community College.

During a WCB-sponsored job search, Tanya uncovered a job lead for an Environmental Technician with Jacques Whitford Environmental Limited in Dartmouth.

Tanya hasn't really looked back on her accident, and the change of course in her life since that time allows her to continue to move forward. "Without the exceptional support of the Workers' Compensation Board I would not be where I am at today. I really do owe my success to the great people who helped me out," says Tanya.

INCREASING ACCOUNTABILITY

The WCB continues to develop and adhere to evaluation and reporting mechanisms, allowing our stakeholders to assess and measure our performance. In addition, we will continue to strive to provide financial stability in the workers' compensation system to the employers and workers in the province who depend on the benefits and services we provide.

In order to be accountable to our partners in the workers' compensation system, the WCB will continue reporting on:

- the Funding Strategy to eliminate the unfunded liability;
- our legislative requirement to fund current costs; and
- the maintenance of appropriate administration costs.

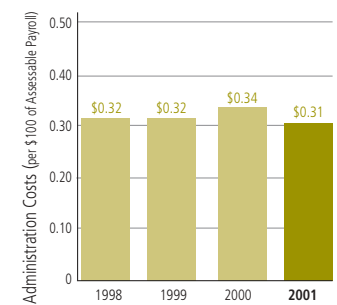
Building a stable compensation system for all Nova Scotians continues to be a key focus for the WCB. This year, we:

- Updated and revised our Funding Strategy, as we do on an annual basis. The Funding Strategy for each year takes into account the amount paid out in claims costs during the year and the estimated payments for future years. These amounts are then balanced with the amount the WCB receives in premiums and a percentage of the funds go directly towards eliminating the unfunded liability. As with any large organization, the WCB's investments continue to be impacted by the changes in the volatile marketplace, and the market uncertainty is taken into account when analyzing our financial performance and in updating our Funding Strategy.

The **Administration Costs** Corporate Performance Measure takes into account the total administration costs of the organization (not including any costs associated with Occupational Health and Safety, the Workers' Advisers Program, or the Workers' Compensation Appeals Tribunal) and divides this figure by the assessable payroll of firms covered by the WCB (not including self-insured employers). This measure analyzes how effectively the WCB utilizes its' resources based on the stakeholders it covers.

- Assisted with the Government's review of the *Workers' Compensation Act*. The *Act* includes a provision for a mandatory review in 2001. The Workers' Compensation Review Committee was appointed in late March, and the WCB has provided all of the necessary statistical, financial, and claims information requested by the Committee. Together, this represents over 200 different requests. The WCB also made several presentations to the Review Committee, clarifying issues regarding the assessment model, and providing a broad overview of the WCB and its activities. The Committee will submit its report to the Government in the Spring.
- Continued to seek clarity from the courts on several key legal issues regarding coverage and extent of benefits. Some key issues currently before the courts include:
 - Determining the appropriate forum for review of decision involving federal employees and the *Government Employees Compensation Act*;
 - The WCB's Functional Restoration Program (FRP), designed to help injured workers who have developed, or may develop chronic pain, and Section 10 B of the *Workers' Compensation Act* and the FRP Regulations were the subject of a constitutional challenge under the equality provisions of the *Charter of Rights and Freedoms*. These sections of the *Act* addressed the issue of chronic pain benefits for workers injured prior to March 23, 1990 and the regulations address compensation for those injured after February 1, 1996. The basis of the challenge was that these provisions of the *Act* and the Regulations discriminated against injured workers on the basis of their type of injury. The Nova Scotia Court of Appeal ruled that these provisions are not discriminatory. At present, an appeal of this decision is before the Supreme Court of Canada and will likely be heard in 2002; and

Administration Costs
per \$100 of Assessable Payroll



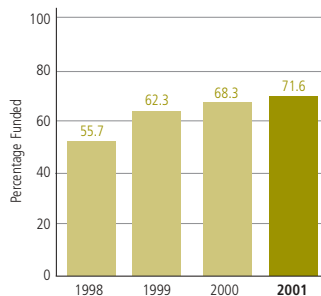
- In March 2001, the Nova Scotia Court of Appeal provided clarification with respect to the provisions of Bill 90 that dealt with the re-instatement of survivors' benefits for those who had their benefits terminated upon remarriage before the *Charter* in 1985. The Court decided that to provide benefits to the remarried survivors during the period of 1985-1999 would be "an impermissible retroactive application of Section 15 of the *Charter of Rights and Freedoms*." The decision was appealed to the Supreme Court of Canada, however leave to appeal was denied.

- Recovered more than \$3.6 million in third party actions, an increase from \$3.5 million in 2000. The WCB has made a conscious effort to bring an increased amount of the work involved in resolving third party actions "in-house" thereby reducing the administration costs to the system and legal fees. This, in turn, increases the amount that can be repaid to the Accident Fund and the excess recoveries provided to injured workers. The WCB may take action on behalf of the worker in order to recover any funds paid from the Accident Fund in situations where:

- the workplace accident was the responsibility of a third party (someone who is not covered by workers' compensation); or
- the workplace accident arises out of a car accident and the party responsible is not the worker's employer or employer's agents.

The recovered amounts from third party actions are used to reimburse the WCB's Accident Fund (out of which all the costs of workers' compensation are paid) and any legal fees and costs. Any excess recovery is provided directly to the injured worker. In 2001, there was a 43% increase in the amount of funds reimbursed to the Accident Fund, significantly reducing the amount that employers would see through an increase in their assessment rate due to experience rating. There was also a 3% increase in the excess recovery paid directly to injured workers. These figures include all activities undertaken in 2001.

Percentage Funded



The **Percentage Funded** is the ratio of the WCB's total assets to its' total liabilities. This number is also frequently referred to as the WCB's "funded percentage." This Corporate Performance Measure represents the WCB's ability to pay the present and future costs of all claims, and takes into account any unfunded liability that the WCB may have.

- Monitored the trend of rising claims costs. In 2000, the WCB first noticed that claims costs were rising in comparison to previous years. Prior to 2000, the WCB's assessment revenues continued to climb, in part because of an increasingly healthy economy, while the number of accidents and claims costs remained relatively stable. In 2000, the volume of claims increased by 11%, short-term disability costs increased by 17% while assessable payroll increased by 6.0%. In 2001, the trend has remained, as there was a 10.7% increase in claims costs and a 2.2% decrease in assessment revenues. This trend, coupled with the decline in investment revenue, may have the effect of altering the WCB's projected financial strategy.

a step ahead — new solutions to improve accountability

A Fresh Start

Jason Lake was driving a skid-steer loader, plowing after a December storm two years ago, when he was involved in an accident. While driving the loader he struck a catch basin that was buried by snow. Jason, although only going about 10 miles per hour, was thrown forward, striking his forehead on the windshield and hyper-extending his neck.

“I was terrified,” says Jason, “for a period of 3 to 4 minutes I couldn’t feel my arms or legs, or move them”. After a few minutes, Jason was able to use his legs, and managed to drive the plow using them and his chest. He eventually met up with his foreman, who helped him out of his loader and took him to the hospital.

At the hospital, the doctors immediately looked him over. By this time, Jason was still experiencing tingling and some loss of use of his arms, especially on his right side. He also was experiencing a lot of pain in his neck and shoulders, which was worse when he moved. The doctors diagnosed him with Central Spinal Cord Syndrome, which is a type of nerve damage in the neck and upper spine.

After a lengthy recovery period, Jason began a comprehensive physiotherapy program, to help him recover further mobility in his arms and neck. As he progressed through his physiotherapy he met with Karen Lewin, his WCB Case Manager. Due to the nature of his injury and the possibility for further damage, it was determined that Jason would be unable to return to his previous job. Karen referred Jason’s case to WCB Vocational Rehabilitation Counsellor, Marlene McCluskey, to help Jason find new employment opportunities.

Marlene and Karen approached Dexter Construction, Jason’s employer, about employment opportunities. Dexter was very cooperative and anxious to help Jason get back to work. However, the lasting effects of his injury made it very difficult for him to perform many physical duties.

Dexter Construction, Jason, and the WCB Case Management Team got together to look at other opportunities. Dexter indicated that there might be opportunities for Jason in the environmental side of their business, Envirosoil Limited. Envirosoil had identified an ISO 9000/14000 program that might offer Jason future opportunities within the company. Jason began doing this research and schematic work, as well as the legwork involved in getting an International Standards Organization (ISO) certification. Jason also took part in a number of computer courses to assist him in this new role.

“Jason really put his best foot forward, and he really made an effort to tackle any obstacles that were put in his way,” says Marlene.

One of Envirosoil’s many activities is cleaning up contaminated soil, using soil purification equipment. The WCB arranged for Jason to attend a work-hardening program that slowly increased Jason’s physical activity level each day. Jason then began assisting with the statistics and research involved in this process and also did some of the invoicing.

“I had spent most of my life working in one particular area, and was very comfortable doing that,” said Jason, “and then after the accident, I had to start again from scratch in a brand new area.”



COMMUNICATING EFFECTIVELY

The WCB will continue to improve the lines of communication among the WCB, workers, employers, service providers, and other stakeholders by providing opportunities for all parties to participate in, and contribute to, improving the compensation system. The success of the workers' compensation system in the province depends upon the degree of co-operation and understanding among these parties.

In order to communicate effectively, the WCB will continue to:

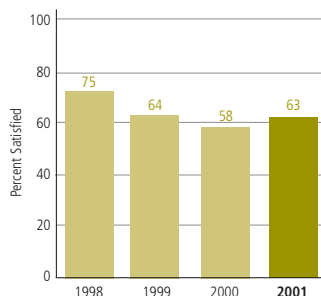
- inform stakeholders about, and provide opportunities for, input into decisions affecting the Workers' Compensation Board and its activities;
- co-ordinate and, when appropriate, harmonize its operations with other agencies in order to benefit the workers' compensation system; and
- gather information and ideas from internal and external stakeholders to foster improvement in the system.

Our efforts to become a customer-led organization show that we are actively seeking opportunities to work together with our stakeholders, and hear their input and feedback. By working together we can build a stronger compensation system. During 2001, we:

- Educated employers about changes to the Assessment Payment Plan. By releasing an up-to-date version of our Employer's Guide and other materials, we kept employers informed about the Assessment Payment Plan and changes in their rights and responsibilities. We also used our quarterly newsletter, Info @ Work, to inform employers about upcoming changes and improvements for their benefit.

The **Satisfaction with Accessibility of WCB Staff** measures how easy it was for employers to reach WCB staff when needed. This Corporate Performance Measure comes from the WCB's quarterly employer survey.

Satisfaction with Accessibility of WCB Staff



- Evaluated the redesigned WCB Accident Report. The Accident Report was redesigned late in 2000 with the help of several employer focus groups, and was then tested by a small group of employers from across the province. The new form is a result of the WCB and employers working together to develop a form that is shorter; easier to complete; and easier to fax and photocopy. The form is also available electronically, either on disc or from the WCB's web site. Seventy-three percent of employers found the new Accident Report form easier to use than the old form, and fully 89% of employers were aware that there was a new Accident Report.
- Published our Corporate Plan. This document is designed to give stakeholders an outline of the WCB's future plans. The document outlines our activities planned for 2002 and beyond, and provides key performance measures, as well as targets and goals in these areas.
- Marketed the WCB's Workplace Disability Management Services (WDMS) Program, designed to help employers analyze their claims costs, and to help them identify problem areas, target possible solutions and make improvements toward improving their claims costs. The most common, and effective, solution besides preventing accidents in the first place, is to implement a comprehensive return-to-work program for injured employees. This can be as simple as taking someone back on a part-time basis while they recover from their injury, to temporary or alternate job duties, to modification of existing equipment or processes. This program was started in 1999 and, due to demand, was expanded in 2001 to assist a greater number of employers.

The WDMS program is often contacted directly by employers themselves, but referrals most often come from WCB case workers, who, in working with employers, may see an opportunity to reduce claims costs. The program has already made some real impacts with individual employers in the forestry, manufacturing and health-care sectors. In 2001, more than 198 employer visits were conducted with 68 employers across the province. Often these visits are just to assist

a step ahead — new solutions to improve communications

employers to understand the types of accidents they are having and how much these accidents are costing them through experience rating. The WDMS team has also spoken at more than ten industry association or safety conferences. Thirty-six companies have implemented or revised their return-to-work programs as a result of these visits, and employers like Kirk Forest Products, Eastern Protein, and Reinforced Plastics have won safety awards from the WCB at the Nova Scotia Safety Council's annual conference for their efforts in developing return-to-work programs for their employees. Harbourview Haven, a nursing home in Lunenburg, has seen their claims costs drop by over 50% since working with the WDMS team and implementing a return-to-work program, and Richmond Villa in St. Peters has seen a similar drop in costs.

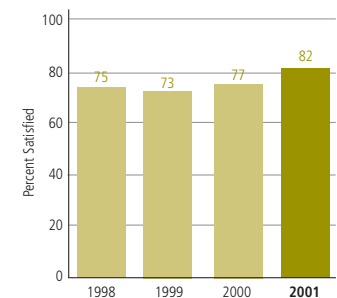
- Worked with the health-care industry and the Occupational Health and Safety Division of the Department of Environment and Labour to organize a series of workshops geared toward generating a greater understanding of how assessment rates are determined; the impact of claims costs on assessment rates; and employers' responsibilities under the *Occupational Health and Safety Act*. Five sessions were held across the province with more than 140 attendees.
- Continued to work with the Occupational Health and Safety (OH&S) Division of the Department of Environment and Labour. The WCB meets with OH&S on a regular basis to look for opportunities to pool resources and information. As both organizations share a similar client base, it is important for the two organizations to work together as much as possible.
- Expanded our stakeholder research efforts. In 2001, the WCB expanded its injured worker and employer surveys. Injured workers are now surveyed on a monthly basis, and more than 1,800 workers took part in 2001. More than 600 employers also completed a quarterly telephone survey. This change in methodology for the surveys was done in order to gather more timely information from injured workers and employers. The change also meant that we would be surveying stakeholders who

have had more recent experiences with the WCB than we would have surveyed in the past. These confidential and anonymous surveys, conducted by an external company, are designed to capture our clients' opinions about different aspects of our service. The survey results highlight our clients' service expectations while helping the WCB measure and improve the effectiveness of its service delivery to Nova Scotia's workers and employers.

- Learned from our surveys that stakeholder satisfaction is improving: 85% of injured workers were satisfied with the politeness of WCB staff; 71% were satisfied with how often we contacted them about their claim (up from 58% in 2000); and 85% felt their case worker was knowledgeable about their file. Sixty-four percent of employers were satisfied with the coverage we provided to their workers; 80% felt that workers' compensation was providing a benefit to employers; and 72% of employers felt that workers' compensation in the province was fair. The surveys also indicated opportunities for improvement in several areas, including our clients' satisfaction with their level of involvement in the case planning process. We also learned from our surveys that employers are not fully aware of all particulars of their workers' compensation coverage which they purchase from the WCB, as only 37% of employers covered by workers' compensation knew that they could not be sued as a result of a workplace accident.

The **Satisfaction with the Clarity of Letters** measures how satisfied injured workers were with the letters they received from the WCB. This measure comes from the organization's monthly injured worker surveys.

Satisfaction with Clarity of Letters



a step ahead — *new solutions to improve communications*

A New Beginning

Tony Hatcher was working as an apprentice plumber in Truro when the coupling he was working on exploded under pressure. Tony was struck in the face and neck by the coupling, which caused a serious laceration to his forehead, a deep puncture wound in his neck, and a concussion.

Tony spent several days in the hospital and after a lengthy recovery period while his Case Manager, Peter Egan, from the WCB's Sydney office, reviewed what Tony's options might be. As Tony's accident had left him with a permanent injury to his neck and unable to return to his previous employment, Peter referred the file to a Vocational Rehabilitation Counselor at the WCB. While off work due to his accident, Tony completed a Business Technology Diploma at the University College of Cape Breton and displayed a real talent for working with numbers.

Peter brought in Vocational Rehabilitation, Counselor Kelly Johnston, to assist in helping Tony find new employment. Based on his previous success in the business program, the WCB assisted Tony in completing a Bachelor of Business Administration degree also from UCCB. Tony graduated with honours and then received an eight-week work placement with a local accounting firm.

Tony found a job lead with New View Productions in Sydney and Peter and Kelly approached the company to see if they would be interested in training Tony as a secretary-treasurer. New View had an existing job opening and a training program already in place, so they agreed to the program. During and after the six-month program, the company indicated that Tony performed at a very high level and had several excellent performance appraisals.

And it was positive for Tony as well. New View Productions offered him a full-time permanent position as a secretary-treasurer, which is a management trainee position. As part of his new role, Tony works with the BCA Investment Co-operative in a similar role.

"Never had I imagined seven years ago that today would find me in the world of business and finance," says Tony. "I have nothing but the highest regard for the WCB staff that helped me. I am indebted to Kelly Johnston and the others who went out of their way to make me comfortable. They made my accident become less of an ending and more of a beginning."

BUILDING STRENGTH WITHIN



We value our employees and want them to have the technology, skills and learning opportunities they need to deliver prompt, effective service. Highly trained and knowledgeable staff allows the WCB to provide better service to injured workers and employers.

To continue to build strength within, the WCB will:

- provide effective management;
- ensure staff have the necessary skills and tools to do their jobs;
- provide opportunities for personal growth and professional development; and
- provide timely and effective internal communication.

The WCB made great strides in providing its staff with the training required to adopt a customer-led, service-first approach. Specifically, we:

- Initiated development of a Performance Measurement and Management System (PMMS). The PMMS is designed to help WCB staff accurately and objectively measure their effectiveness, and subsequently their success in achieving individual and corporate goals. The system takes the organizational goals (such as delivering the first cheque to the injured worker within 15 days of the accident) and breaks them down into components, so that each unit in the WCB knows what it has to do, and when, in order to provide that benefit payment to the injured worker within 15 days.

The second part of the PMMS system is that it ties each of these individual goals to an individual's performance, and likewise to the overall unit's goals and performance to ensure that they work together. These goals then form the basis of each individual's performance evaluation at the end of the year. The system not only increases staff's accountability, but also increases their responsibility for, and involvement in, providing excellent service for injured workers and employers. PMMS also helps to identify problem areas, so that staff and units can work to improve their individual and overall performance in these areas in order to meet their goals.

- Instituted a Disability Case Manager school. To reduce the learning curve of any newly hired staff, the WCB's Human Resources department developed this on-site program. This training effort was designed to ensure that new employees would not be placed onto the floor until they were up-to-speed on their own duties and had received comprehensive training in all aspects of WCB disability case management. The goal is to place newly hired staff on the floor with as little of an on-the-job learning curve as possible.

New Client Services personnel received three weeks of training on WCB systems, operations, policies, and procedures, as well as on job duties and responsibilities prior to assuming their new positions within the organization.

- Implemented a comprehensive training program for our staff on the electronic claims file system. The E-file system was a significant shift in how our staff handles claim files. While the technology behind the system is fairly common in many organizations, the changes it brought to how our staff performs their day-to-day activities were sweeping. Staff who previously were responsible for moving mail and files through the organization are now responsible for scanning, indexing, and sending electronic pieces of correspondence and ensuring they are placed on the proper electronic file. The shift in mindset from working with a paper copy of a form to using an electronic version is a major step as well.

To help staff handle the step from the old world to the new electronic one, all 160-plus staff in our Client Services Division underwent a two-day training program prior to the system's launch in November. The staff were introduced to the E-File technology on the first day, and shown how to use the system's many features on the second day. Client Services staff will continue to receive on-the-floor support with the E-file system throughout the start of 2002. The E-file training will be rolled out to staff outside this division later in 2002.

a step ahead — new solutions to improve strengths

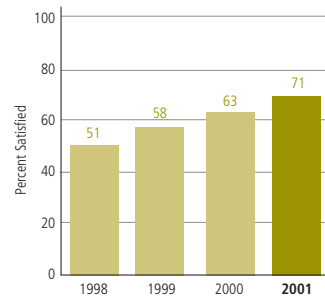
The **Satisfaction with Frequency of Contact** measures how satisfied injured workers are with how often we contact them about their claims. The information for this Corporate Performance Measure is gathered via the WCB's monthly injured worker surveys.

- Refined the WCB's Data Warehouse System. The tools and technology that form the data warehouse project will provide a more organized tracking and reporting mechanism for the WCB's financial, statistical and business information. It provides the WCB with quick and easy access to detailed corporate performance information. Once this system is fully in place, it will form the framework that may enable employers to directly access their WCB account information, and will also allow the WCB to share more information with the Occupational Health and Safety Division of the Department of Environment and Labour.

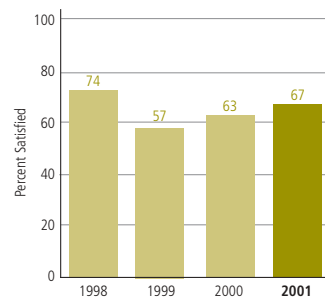
The **Satisfaction with the Clarity of Forms/Letters** measures how satisfied employers are with the forms they receive from the WCB. This Corporate Performance Measure uses information gathered through our quarterly employer surveys.

- Continued to support Dalhousie University and its Faculty of Health Professions with Canada's only Diploma Program in Disability Case Management. In 2001, 11 WCB staff participated in the program, along with eight staff from other Canadian workers' compensation agencies and a number of students from the private sector. The 10-credit program is offered through distance education and provides students with a broad base of skills to effectively manage the recovery of those with injuries. The WCB of Nova Scotia will continue to support and enroll qualified staff in the program for 2002. In 2001, three WCB employees were among the program's first graduates. The program is also being expanded to allow students from Dalhousie University's Faculty of Health Professions to attend on a post-graduate basis, and will also become a partial co-op program to provide students with on-the-job experience in a disability case management environment.

Satisfaction with Frequency of Contact



Satisfaction with Clarity of Forms/Letters



MANAGEMENT'S 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. The Internal Auditor performs periodic audits designed to test the adequacy and consistency of the WCB's internal controls.

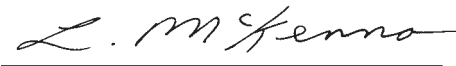
The Board of Directors has approved the financial statements included in this Annual Report. The Board of Directors is assisted in its responsibilities by the Audit & Finance Committee. This Committee reviews and recommends approval of the financial statements and meets periodically with management, 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 Auditors' Report outlines the scope of this independent audit and the opinion expressed.



David Stuewe
Chief Executive Officer



Leo D. McKenna, CA
Vice-President, Finance
and Chief Financial Officer

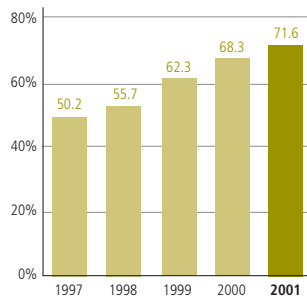


MANAGEMENT DISCUSSION AND ANALYSIS

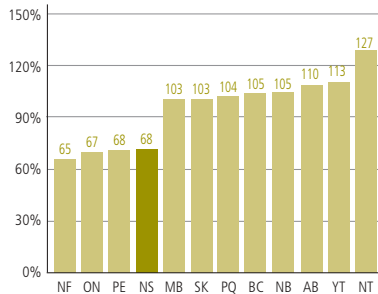
AS AN INTEGRAL PART of the Annual Report, the Management Discussion and Analysis provides further insight into the operations and financial position of the Workers' Compensation Board. The discussion and analysis should be read in conjunction with the audited financial statements and supporting notes.

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 67% of employed workers in Nova Scotia.

Capitalization Ratios
For Nova Scotia, 1997–2001



Capitalization Ratios
For All Provinces, 2000



The capitalization ratio is the ratio of total assets to total liabilities.

Statement of Financial Position

Assets

Receivables

The WCB's receivables consist primarily of amounts owed by employers for 2001 premiums, an amount due from the Canada Customs and 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.

The established investment target is to exceed the rate of return generated by the benchmark portfolio by 1.25% after management fees, based on five-year, moving average time periods.

Note 4 of the financial statements indicates that the book value of the WCB's investments has increased by \$69.3 million since 2000. Investment returns on the externally-managed portfolio on a market basis were 0.3% in 2001. The target for the five years ended December 31, 2001 was 8.95% and the WCB's actual return was 9.97%. The WCB's target was achieved.

The WCB's investment portfolio reflects the deferral of gains and losses to be amortized over a five-year period in accordance with generally accepted accounting principles. The 2001 benchmark portfolio and asset class ranges are as follows:

Asset Class	Benchmark	Minimum	Maximum
Canadian Equity	40%	25%	55%
Foreign Equity (including U.S.)	20%	10%	30%
Total Equity	60%	35%	70%
Fixed Income	35%	30%	55%
Short-term Investments & Cash	5%	0%	20%
Total Fixed Income & Cash	40%	30%	65%

Property and Equipment

Additions to capital assets in 2001 were concentrated in office furniture, computer hardware and software, and process development.

Liabilities

Payables

The principal items recorded under payables are accounts payable and accrued liabilities. Payables have increased slightly for 2001 to \$13.8 million from \$13.6 million.

Employee Future Benefits

The WCB has provided for employee future benefits other than pensions including retirement allowances and post retirement life insurance, dental, and medical programs. This amount has increased \$0.35 million from 2000.

Benefits Liabilities

The benefits liabilities grew by 5.0% 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.

Unfunded Liability

The WCB's liabilities total \$1.02 billion and assets total \$730.9 million, resulting in an unfunded liability of \$289.3 million at the end of 2001. The WCB's funding percentage has increased from 68.3% to 71.6% as at December 31, 2001.

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 adjustments, in a stable system, should be held to marginal levels, reflecting minor differences between actual experience and estimates.

Statement of Operations and Unfunded Liability

The operating results for 2001 and 2000 may be attributed to the following factors:

(\$000's)	2001	2000
Assessment Revenue in Excess of Current Year Costs	\$39,141	\$53,878
Investment Income below Liability Requirements	(23,010)	(1,581)
(Lower) Actuarial Liabilities than Previously Anticipated	2,320	(18,594)
Excess of Revenue over Expenses	\$ 18,451	\$ 33,703

Revenues

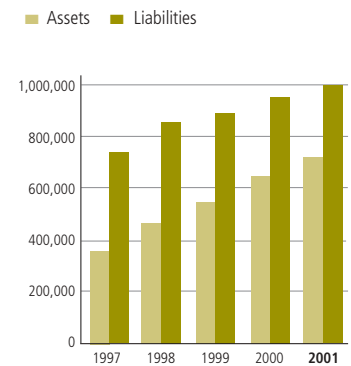
Assessment Revenue

Assessment revenue decreased \$4.3 million (2.2%) from 2000 levels. Revenues from registered firms decreased \$4.9 million (3.1%). This increase is primarily attributed to a drop in the average rate from \$2.55 to \$2.49 offset by an increase in assessable payroll of 4.2%. The targeted average assessment rate has remained stable since 1994. The actual average assessment rate in 2001 was slightly below that target. The self-insurers experienced slightly higher claims payments in 2000, which resulted in higher direct premiums and administration charges billed of \$1.4 million.

Investment Income

Investment income is derived from interest on short-term investments and recorded income on the long-term investments managed by external investment managers. The recorded income reflects the WCB's accounting policies with respect to the deferral and amortization of both realized and unrealized gains and losses within the equity and fixed income components of the actively-traded portfolio.

Assets and Liabilities
(thousands of dollars)

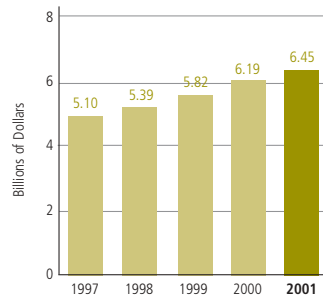


	Assets	Liabilities
1997	373,396	743,882
1998	464,613	834,464
1999	559,360	898,117
2000	663,999	971,788
2001	730,898	1,020,236

Total investment income is \$48.6 million for 2001, a decrease of \$13.5 million (21.7%) over 2000 levels. These results reflect a poor year in the capital markets which saw the TSE 300 decline 12.6%, the S+P 500 decline 6.5%, and the MSCI EAFE decline 16.6%. The bond markets showed more positive returns at 8.1%.

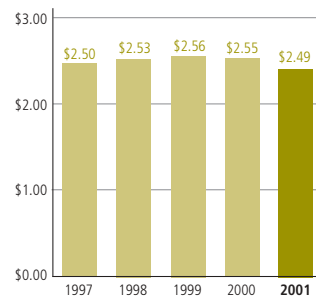
Total Assessable Payroll

For Nova Scotia, 1997–2001



Actual Average Assessment Rates

For Nova Scotia, 1997–2001



Expenses

Claims Costs Incurred

Claims costs incurred are an estimate of the costs related to compensable injuries which occurred in 2001. 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 or for future expenses of administration of existing claims.

Claims costs incurred were \$11.5 million (10.7%) higher than 2000. Claims categories with significant fluctuations included short-term disability costs increasing \$5.9 million (20.4%); long-term disability costs increasing \$1.2 million (2.4%); and health care costs increasing \$4.5 million (24.7%). Several factors influenced this aggregate result:

- Total accidents reported decreased about 0.5% and reported time-loss claims increased 1.5% from 2000.
- The short-term disability increase reflects increased durations (19.7%), and the increase in volume of claims (0.5%).
- The net increase in long-term disability claims costs combines two different features, namely the increase in earnings-loss payments and reduction in Clinical Rating Schedule (CRS) costs. Earnings-loss expenditures reflect experience under the new *Act*.
- CRS costs dropped moderately. This decline reflects the ongoing impact of replacing the earlier pension system with the legislated earnings-loss approach to impairments, which came into effect in 1996 for accidents occurring after March 23, 1990.

Growth in Present Value of Liabilities and Actuarial 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. 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 \$2.3 million in 2001 as indicated in Note 8 of the financial statements. This figure reflects a number of changes in assumptions and adjustments for prior years' including:

- Changes in the assumptions regarding retroactive payments, average benefit payments, and the average age at date of accident which reduced the long term disability component of the Benefits Liabilities by \$35.8 million.
- Changes in the anticipated payments for short term disability which increased the Benefits Liabilities by \$13.3 million.
- Changes in the anticipated payments for survivor benefits and rehabilitation which increased the Benefits Liabilities by \$5.0 million.
- Changes in the anticipated payments for health care which increased the Benefits Liabilities by \$15.2 million.

Administrative Cost

Administrative expenditures totaled \$24.5 million, a decrease of \$0.9 million (3.7%) from 2000. The decrease is attributable to the net effect of the following:

- Amortization increased \$0.3 million reflecting amortization of 2000 software development costs for a full year in 2001 and further investment in capital assets in 2001.
- Professional fees decreased \$0.8 million reflecting the reduced use of consulting services.

- Training and development decreased \$0.4 million reflecting the reduced cost of training staff in various redesigned processes.

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 the Department of Environment and Labour, the costs of operating the Workers' Compensation Appeals Tribunal, the costs of operating the Workers' Advisers Program effective April 1, 2000, and the operating costs of the Workers' Compensation Review Committee.

In 2001, Occupational Health and Safety expenditures were \$4.03 million, a slight increase over 2000 levels of \$3.99 million. The WCB's expenditure is set by Order-in-Council and reflects the pro-rata share of the Department of 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 OH&S covered workforce.

The cost to administer the external appeals process in 2001 was \$1.21 million, a decrease of \$0.76 million (38.7%) over 2000 levels reflecting the elimination of the backlog of appeals in the system.

The cost to administer the Workers' Advisers Program was \$1.5 million in 2001, an increase from \$1.3 million for 2000 when the WCB was not responsible for the costs for the first quarter.

The operating costs of the Workers' Compensation Review Committee were \$0.3 million in 2001.

Excess of Revenue Over Expenses

In 2001, total revenues of \$238.5 million, less total expenditures of \$220.1 million, yielded excess revenue over expenses of \$18.4 million. This excess reduces the unfunded liability.

Statement of Cash Flows

During 2001, the increase in cash was \$1.0 million. Revenue received for premiums has increased \$10.4 million from 2000. Investment revenue recorded represents a decrease of \$13.5 million.

Cash flow decreased \$14.7 million due to the increase in cash paid for claims.

Disbursements relating to administrative services are up \$2.3 million from 2000.

Investment in capital assets in 2001 was \$2.9 million, a decrease of \$1.0 million from 2000.

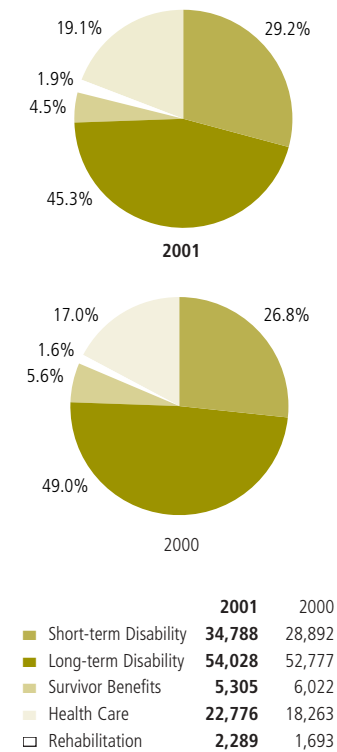
Outlook

The net results for 1995 - 2001 are significantly better than anticipated in our initial Funding Strategy in that the unfunded liability is \$289.4 million at the end of 2001 while it was expected to be \$410.8 million. However, these results represent only the first seven years in a long process toward financial stability and do not yet reflect much experience with long-term disability under the new legislation. Long-term disability is the WCB's largest cost area. In addition, the net results tend to mask significant offsetting variances from the plan as described below.

The original Funding Strategy, which started in 1995, was based on a 45-year program to eliminate the unfunded liability and reflected assumptions regarding estimated costs and revenues. These assumptions were somewhat conservative but reasonable at the time they were made, as they were based on twenty-one years of historical data indicating that the compound rate of increase in claims costs incurred and administration costs had outpaced the rate of increase in assessable payroll by more than 2%. In addition, assessable payroll had actually declined slightly over the last three years of the period.

In looking ahead, it is worth noting our experience with adjustments to the Funding Strategy to date.

Total Claims Costs Incurred
(thousands of dollars)



Our financial results in the first seven years of our Funding Strategy (1995 - 2001) 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. This allowed the discount rate used to value the WCB's liabilities to be reduced from 4.75% to 3.50% at the end of 1997. The WCB also absorbed an adjustment of \$40.2 million to the benefits liabilities during 1998, leaving the WCB essentially on target with the unfunded liability at the end of 1998 as expected in the original Funding Strategy.

The original Funding Strategy anticipated that 1999 claims costs incurred and administration costs for assessed employers of \$105.83 million with assessable payroll of \$4.6 billion. Actual 1999 claims costs incurred and administration costs for assessed employers was \$98.0 million with assessable payroll of \$5.82 billion. This 1999 reduction in anticipated costs of 7.4%, combined with an increase in the revenue base of 26.5%, represented a significant improvement in the WCB's financial position. As a result, the WCB revised its Funding Strategy during 1999 to shorten the period over which the unfunded liability is eliminated. It was then expected to be eliminated in 2016, 23 years before the original projection of 2039.

Then in 2000 we again had very positive results relative to the original Funding Strategy, which anticipated claims costs incurred and administration costs for assessed employers of \$109.08 million with assessable payroll of \$4.74 billion. Actual 2000 claims costs incurred and administration costs for assessed employers was \$109.35 million with assessable payroll of \$6.19 billion. Again, an increase in anticipated costs of 0.2%, combined with an increase in the revenue base of 30.6%, clearly represents a significant improvement in the WCB's financial position. As a result, the WCB once again revised its Funding Strategy during 2000 to shorten the period over which the unfunded liability is eliminated. It was then expected to be eliminated in 2010, 29 years before the original projection of 2039.

The WCB's annual revision to the Funding Strategy in 2001 left the year in which the unfunded liability was expected to be eliminated at 2010. This was based on an expected excess of revenue over expenses of \$42.9 million. The actual excess of revenue over expenses for 2001 is \$18.4 million. This is \$24.5 million less than expected in the Funding Strategy. Given the number of variables affecting the funding position, swings can be expected. The year 2001 represents the first year which could be considered a significant setback after seven years of very positive results.

The 2001 shortfall is made up of assessment premiums \$5.3 million less than expected, investment revenue \$6.3 million less than expected, claims costs incurred \$8.0 million more than expected, growth in present value and actuarial experience adjustment \$7.0 million more than expected, and administration and legislated obligations \$2.1 million less than expected.

Notes 8 and 16 of the financial statements detail 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.

As our Annual Report containing the 2001 Financial Statements goes to print, we know that the Workers' Compensation Review Committee is about to table its report with the Government. We are not able to assess the impact, if any, of any change that might flow from the Committee's report on the WCB's Funding Strategy.

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. The WCB generally offers no comment on the affordability of new benefits. We simply note that the choices for changing the balance are as described above. As we have historically noted in the Annual Report, any variance from the plan is subject to reversal in subsequent years.

In the 2000 Annual Report, we noted that it is particularly important to consider that the recent trend of increasing assessable payroll coupled with declining claims costs incurred is inconsistent with the historical pattern of costs in Nova Scotia. Usually, claim costs increase when assessable payroll increases. Until 2000, this was not our recent experience, as assessable payroll grew faster than claims costs. In 2000, however, assessable payroll increased 6.3% while claims costs increased 8.0%. In 2001, assessable payroll grew at 4.2%, while claims costs incurred grew at 10.7%.

In 2000, we noted it was too early to suggest that this trend may result in a renewed lengthening of the period over which the unfunded liability is eliminated. However, we did suggest that the relatively dramatic shortening of the period recognized over the last two years had almost certainly come to an end.

As described above, we have a shortfall from the target in 2001. The WCB's Board of Directors will revisit the Funding Strategy as part of the annual budget process in June 2002. These changes are expected to require either lengthening the period over which the unfunded liability is eliminated or an increase in assessment rates if the period is to be held constant.

It is important to realize that while our financial position has significantly improved over the last seven 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.

As outlined above, positive changes in the early years produced a dramatic shortening of the expected number of years to eliminate the unfunded liability. Negative changes have the potential to produce equally dramatic lengthening of the period.

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.

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 of the Workers' Compensation Board of Nova Scotia (the "WCB") as at December 31, 2001 and 2000 and the statements of operations and unfunded liability and cash flows for the years 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 auditing standards generally accepted in Canada. 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, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Ernst & Young LLP
Chartered Accountants

Halifax, Nova Scotia
March 5, 2002

Statement of Financial Position

as at December 31 (thousands of dollars)

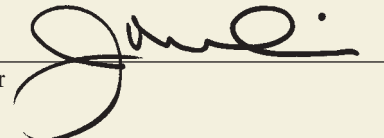
	2001	2000
ASSETS		
Cash	\$ 9,108	\$ 8,122
Receivables (Note 3)	16,321	20,168
Investments (Notes 4 and 13)	690,352	621,035
Property and equipment (Note 5)	13,167	12,574
Other assets (Note 6)	1,950	2,100
	<u>\$ 730,898</u>	<u>\$ 663,999</u>
LIABILITIES		
Payables and accruals	\$ 13,768	\$ 13,641
Employee future benefits (Notes 2e, 7 and 17)	3,490	3,143
Benefits liabilities (Note 8)	1,002,978	955,004
	<u>1,020,236</u>	<u>971,788</u>
Unfunded liability	(289,338)	(307,789)
	<u>\$ 730,898</u>	<u>\$ 663,999</u>

Commitments (Note 15)
Contingencies (Note 16)

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

Approved on behalf of the Board of Directors:


Deputy Chair


Director

Statement of Operations and Unfunded Liability

year ended December 31 (thousands of dollars)

	2001	2000
Revenue		
Assessments (Notes 9 and 13)	\$ 189,914	\$ 194,260
Net investment income (Note 13)	48,616	62,103
	<u>238,530</u>	<u>256,363</u>
Claims costs incurred (Notes 8 and 13)		
Short-term disability	34,788	28,892
Long-term disability	54,028	52,777
Survivor benefits	5,305	6,022
Health care	22,776	18,263
Rehabilitation	2,289	1,693
	<u>119,186</u>	<u>107,647</u>
Growth in present value of benefits liabilities and actuarial experience adjustments (Note 8)	69,306	82,278
Administration costs (Notes 10 and 13)	24,524	25,466
Legislated obligations (Note 11)	7,063	7,269
	<u>220,079</u>	<u>222,660</u>
Excess of revenue over expenses applied to reduce the unfunded liability	18,451	33,703
Unfunded liability, beginning of year	(307,789)	(341,492)
Unfunded liability, end of year	<u>\$ (289,338)</u>	<u>\$ (307,789)</u>

Statement of Cash Flows

year ended December 31 (thousands of dollars)

	2001	2000
Operating Activities		
Cash received from:		
Employers, for assessments	\$ 191,830	\$ 181,877
Net investment income	48,616	62,103
	<u>240,446</u>	<u>243,980</u>
Cash paid to:		
Claimants or third parties on their behalf	(138,667)	(123,979)
Suppliers, for administrative and other goods and services	(28,609)	(26,318)
	<u>(167,276)</u>	<u>(150,297)</u>
Deferred Charges (Note 18)	-	923
Net cash provided by operating activities	<u>73,170</u>	<u>94,606</u>
Investing Activities		
Increase in investments	(69,317)	(87,716)
Cash paid for:		
Purchases of equipment	(2,867)	(3,975)
Net cash used in investing activities	<u>(72,184)</u>	<u>(91,691)</u>
Net increase in cash	986	2,915
Cash, beginning of year	8,122	5,207
Cash, end of year	<u>\$ 9,108</u>	<u>\$ 8,122</u>

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

Notes to the Financial Statements

year ended December 31, 2001 (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. The *Act* contains several provisions dealing with retroactive entitlement for permanent disability. Permanent injuries incurred before March 23, 1990 will be compensated according to the workers' level of physical impairment. Permanent injuries incurred on or after this date are primarily compensated according to the earnings loss resulting from the injury.

Amendments to the *Act* received Royal Assent on April 16, 1999. The amendments contained a number of provisions including:

- Establishment of the level of benefits for certain workers with chronic pain whose accidents occurred after March 23, 1990 and before February 1, 1996;
- Reinstatement of Amended Interim Earnings Loss Benefits;
- Reinstatement of certain survivor benefits to survivors who remarried prior to 1992;
- Extension of survivor pensions for life rather than to age 65, where a compensable death occurs after February 1, 1996 as a result of injuries prior to February 1, 1996.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles, which include the following accounting policies:

a) 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.

b) Investments

Fixed-term investments are recorded at amortized cost. Gains or losses realized on disposal of fixed-term investments are amortized on a straight-line basis over a five-year period.

Equity investments are stated at moving average market value. Under this method unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of equities during the year, are deferred and amortized on a straight-line basis over a five-year period.

Where it is determined that a permanent impairment in the carrying value of the entire investment portfolio has occurred, the carrying value of the

portfolio is written down to recognize the loss and the write down is included in the income of the year in which it occurs.

c) 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, 5 to 10 years for furniture and facilities, and equipment and hardware. Amortization is charged on a straight-line basis over a period from 5 to 10 years for software and process development and on a declining balance basis at an annual rate of 30 percent for software purchases. In the year of acquisition, a half-year's amortization is taken.

d) Other Assets

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

e) Employee Future Benefits

Effective January 1, 2000, the WCB retroactively adopted an accounting policy to record its liability for employee future benefits. The main components of this change were as follows:

- Costs for employee future benefits other than pensions are accrued over the periods in which the employees render services in return for these benefits. The costs associated with non-pension future benefits were previously expensed as incurred.
- The cumulative effect of this accounting policy change as of January 1, 2000 was an increase to the employee future benefits liability of \$2,735 and an increase to the unfunded liability in the same amount.
- Actuarial gains and losses are amortized on a straight-line basis over the employee's average remaining service life.

f) Benefits Liabilities

An independent actuary completes a valuation of the Benefits Liabilities of the WCB at each year-end. The Benefits Liabilities represent the actuarial present value of all future benefits payments expected to be made for accidents 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. No provision has been made for future claims related to occupational disease or for future expenses for administration of existing claims (see also Note 8).

g) 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 deferred and amortized on a straight-line basis over a five-year period, consistent with the accounting policy for Investments.

h) Measurement Uncertainty

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

i) Financial Instruments

The carrying values of the WCB's financial instruments, other than investments, approximate fair values because of their short-term maturity and normal credit terms. Investments are recorded as described in note 2b.

The WCB's accounts receivable do not represent significant concentration of credit risk because the accounts are owed by a large number of employers on normal credit terms. At year-end the WCB did not have any exposure relating to derivative instruments.

j) Comparative Figures

Certain 2000 comparative figures have been reclassified to conform with the 2001 presentation.

3. RECEIVABLES (thousands of dollars)

	2001	2000
Assessments	\$ 14,944	\$ 18,762
Self-insured employers (Note 12)	4,365	4,457
Assessments receivable	19,309	23,219
Self-insured employers – deposits (Note 12)	(4,001)	(4,001)
Harmonized Sales Tax rebate	396	465
Other	617	485
	<u>\$ 16,321</u>	<u>\$ 20,168</u>

Assessments receivable are net of an allowance for doubtful accounts of \$1,687 in 2001 (2000 - \$1,251). Other receivables are net of an allowance for doubtful accounts of \$99 in 2001 (2000 - \$72).

4. INVESTMENTS (thousands of dollars)

	2001	2000
Money Market	\$ 56,455	\$ 86,567
Fixed-term investments	231,708	243,992
Equities	440,358	336,429
Accrued interest	2,757	3,247
	731,278	670,235
Deferred investment and foreign exchange gains	(40,926)	(49,200)
Total	\$ 690,352	\$ 621,035

The market value of the investments at December 31, 2001 is \$731,704 (2000 - \$707,476).

5. PROPERTY AND EQUIPMENT (thousands of dollars)

	2001		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 155	\$ -	\$ 155
Building	3,380	1,300	2,080
Furniture and facilities	1,994	557	1,437
Equipment and computer hardware	2,881	1,717	1,164
Software and process development	14,593	6,262	8,331
	\$ 23,003	\$ 9,836	\$ 13,167

	2000		
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 155	\$ -	\$ 155
Building	3,279	1,215	2,064
Furniture and facilities	1,719	504	1,215
Equipment and computer hardware	3,120	1,794	1,326
Software and process development	13,016	5,202	7,814
	\$ 21,289	\$ 8,715	\$ 12,574

6. OTHER ASSETS (thousands of dollars)

	2001	2000
Cost	\$ 3,750	\$ 3,750
Accumulated amortization	(1,800)	(1,650)
	\$ 1,950	\$ 2,100

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 (thousands of dollars)

The WCB has provided for employee future benefits other than pensions consisting of retirement allowances, and post employment life insurance, dental and medical programs.

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

	Benefit Plans Other Than Pension	
	2001	2000
Discount rate	6.75%	6.75%
Expected health care costs trend rate	9% decreasing annually by 1% increments to an ultimate rate of 5%	10% decreasing annually by 1% increments to an ultimate rate of 5%
Drug claim increases trend rate	11% decreasing annually by 1% increments to an ultimate rate of 6%	12% decreasing annually by 1% increments to an ultimate rate of 6%
Retirement age assumption	59 years	59 years

The current year's net expense incurred for future employee benefits is \$452 (2000 - \$452).

8. BENEFITS LIABILITIES (thousands of dollars)

	Short-term Disability	Long-term Disability	Survivor Benefits	Health Care	Rehabilitation	2001	2000
Balance, beginning of year	\$ 51,170	\$ 697,363	\$ 121,984	\$ 76,329	\$ 8,158	\$ 955,004	\$ 890,546
Growth in present value of benefits liabilities	3,838	52,302	9,149	5,725	612	71,626	63,684
Actuarial experience adjustments	13,282	(35,779)	2,733	15,165	2,279	(2,320)	18,594
	17,120	16,523	11,882	20,890	2,891	69,306	82,278
Claims costs incurred	34,788	54,028	5,305	22,776	2,289	119,186	107,647
Claims payments made	(39,376)	(57,239)	(13,501)	(27,383)	(3,019)	(140,518)	(125,467)
Balance, end of year	\$ 63,702	\$ 710,675	\$ 125,670	\$ 92,612	\$ 10,319	\$ 1,002,978	\$ 955,004

Adjustment to Benefits Liabilities (thousands of dollars)

The WCB's independent actuaries, in their report of February 28, 2002, have noted that limited claims experience is yet available in respect of the effect of the earnings-loss procedures upon aggregate benefits liabilities, as the earnings-loss system was only introduced in 1995. The portion of the WCB's recorded benefits liabilities which is subject to earnings-loss procedures is \$ 291,000.

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.

9. ASSESSMENTS (thousands of dollars)

	2001	2000
Classes	\$155,340	\$ 160,241
Self-insured employers (Note 12)	32,401	31,031
Premium adjustment charge	692	1,330
Assessment and reporting penalties	1,481	1,658
	\$189,914	\$ 194,260

Assessment revenue is shown net of bad debt expense of \$666 in 2001 (2000 - \$798).

10. ADMINISTRATION COSTS (thousands of dollars)

	2001	2000
Salaries and staff expense	\$ 16,837	\$ 16,824
Amortization	2,406	2,099
Building operations	1,313	1,278
Services contracted	1,150	1,096
Supplies	732	873
Communications	631	611
Travel and accommodations	579	585
Professional fees	499	1,298
Training and development	329	750
Equipment rental	31	29
Miscellaneous	17	23
	\$ 24,524	\$ 25,466

11. LEGISLATED OBLIGATIONS (thousands of dollars)

	2001	2000
Occupational Health and Safety	\$ 4,035	\$ 3,995
Workers' Compensation Appeals Tribunal	1,208	1,971
Workers' Advisers Program	1,502	1,303
Workers' Compensation Review Committee	318	-
	<u>\$ 7,063</u>	<u>\$ 7,269</u>

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

The Workers' Compensation Review Committee is appointed pursuant to the *Act* to review, report on and make recommendations to the Governor in Council in accordance with the terms of reference established by the Governor in Council. The WCB is required by the *Act* to absorb the operating costs of the Workers' Compensation Review Committee.

12. SELF-INSURED EMPLOYERS (thousands of dollars)

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.

	2001	2000
Revenue	\$ 32,401	\$ 31,031
Claims costs incurred		
Short-term disability	\$ 4,882	\$ 4,500
Long-term disability	15,457	14,976
Survivor benefits	3,270	3,556
Health care	3,992	3,674
Rehabilitation	272	139
	<u>27,873</u>	<u>26,845</u>
Administration costs	4,528	4,186
	<u>\$ 32,401</u>	<u>\$ 31,031</u>

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, 2002, two former federal government bodies ceased to be self-insured and began to pay assessment premiums. The employers and the WCB are continuing to negotiate the transitional arrangements related to benefits liabilities for accidents existing on or before December 31, 2001.

13. RELATED PARTY TRANSACTIONS (thousands of dollars)

Pursuant to various legislative amendments to the *Act*, the Province of Nova Scotia reimburses the WCB for certain claims costs incurred. These claims payments are billed and recovered on a monthly basis. Total recoveries for 2001 were \$988 (2000 - \$1,177). Claims payments and costs incurred indicated in Note 8 are shown net of these amounts.

In addition, 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:

	2001	2000
Revenue	\$ 3,706	\$ 2,879
Claims costs incurred	\$ 3,052	\$ 2,369
Administration charges	654	510
	<u>\$ 3,706</u>	<u>\$ 2,879</u>

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, 2001, the amount receivable from the Province of Nova Scotia was \$717 (2000 - \$830).

The WCB invests short-term funds in promissory notes of the Province of Nova Scotia. Interest earned on these investments totalled \$1,526 in 2001 (2000 - \$4,560). Total funds invested in notes due from the Province as at December 31, 2001 were \$18,000 (2000 - \$40,000).

14. INDUSTRY LEVIES (thousands of dollars)

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	2001	2000
Construction	Nova Scotia Construction Safety Association	\$ 861	\$ 898
Forestry	Forestry Safety Society	279	291
Trucking	Nova Scotia Trucking Safety Association	220	183
Retail Gasoline	Retail Gasoline Dealers' Association	24	19

15. COMMITMENTS (thousands of dollars)

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

2002	\$ 745
2003	642
2004	511
2005	63
2006	-
	<u>\$ 1,961</u>

16. CONTINGENCIES

On January 31, 2000, the Workers' Compensation Appeals Tribunal issued two decisions indicating certain provisions of the *Act* and Regulations were unconstitutional. This decision was overturned by the Nova Scotia Court of Appeal on November 8, 2000. The Appellants have now been granted leave to appeal to the Supreme Court of Canada. It is expected that the Supreme Court of Canada will hear oral arguments in this matter in 2002 with a decision in 2002 or 2003. The provisions affected by the decisions relate specifically to the eligibility of workers to receive benefits for chronic pain. Unresolved issues surrounding this ruling have the potential to increase the liabilities relating to chronic pain benefits. The probability and magnitude of such an increase are currently undeterminable.

17. EMPLOYEE PENSION PLAN (thousands of dollars)

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 2001 were \$813 (2000 - \$755) and are recognized as an expense in the period. The WCB is not responsible for any unfunded liability, nor does the WCB have any access to any surplus that may arise in this Plan.

18. DEFERRED CHARGES (thousands of dollars)

During 1999, the WCB entered into an agreement with the Nova Scotia Department of Business and Consumer Services on the establishment of the Nova Scotia Business Registry (now called Service Nova Scotia and Municipal Relations, SNSMR). The WCB invested \$923 to assist with the start up costs of the Registry. Initially, the deferred charge was to be amortized to expense over five years at a rate equivalent to the savings in transaction fees. The agreement was revised in 2000 to completely recover the initial investment as a reduction in the contribution to the project costs during 2000.

Salaries and Benefits

December 31, 2001

	2001					2000	
	Number of Individuals	Salary	Benefits	Other	Total	Number of Individuals	Total
Chair, Board of Directors	1	\$ 12,109	\$ -	\$ -	\$ 12,109 ¹	1	\$ 39,924
Board of Directors	9	90,476	-	-	90,476	9	79,482
Governance Sub Total	10	102,585	0	0	102,585	10	119,406
Chief Executive Officer	1	109,004	12,272	11,450	132,727 ²	1	141,697
VP Client Services	1	85,065	10,331	4,781	100,177	1	105,758
VP Strategic Services	1	89,126	10,972	3,003	103,101	1	89,319
VP Finance & Chief Financial Officer	1	86,164	10,384	3,003	99,551	1	96,798
VP Assessment Services & Risk Management	1	83,467	10,173	4,929	98,569	1	92,267
VP Human Resources	1	83,467	9,222	3,003	95,692	1	90,227
Senior Executive Sub Total	6	536,293	63,354	30,170	629,817	6	616,065
Staff Salaries & Benefits (Average 2001 - \$50,234, 2000 - \$49,298)	312	13,473,536	2,104,886	94,741	15,673,163	318	15,676,920
Employee future benefits				452,200	452,200		452,200
All Staff Administration - Salaries & Benefits Total	328⁴	\$ 14,112,413	\$2,168,240	\$ 577,111	\$ 16,857,764³	334	\$ 16,839,848

1. The former Chair received an annual salary of \$20,000 plus a per diem of \$300 to a maximum of an additional \$20,000. The former Chair's term ended May 31, 2001 and the above amounts represent salary and per diems for 5 months in 2001. The Deputy Chair receives a per diem of \$200 when chairing a meeting, and all other Board members receive a per diem of \$150 for Board meetings and related work.

2. In addition to salary compensation, the Chief Executive Officer is entitled to a leave arrangement for study purposes. This leave is earned after each 5 years of service. The duration of the paid leave is 6 months during which the WCB provides regular benefits and expenses including course fees, travel, and accommodation. An independent compensation consultant has reflected this benefit at a pre-tax value of \$47,000.

3. Salary includes regular base pay. Benefits includes Employer's share of employee benefits-CPP, EI, Pension Plan, Health/Dental Plan, Life Insurance & LTD. Other includes Vacation Payout & Travel Allowance.

Total salaries and benefits in 2001 of \$16,857,764 (2000 - \$16,839,848) varies by \$21,015 (2000 - \$15,424) from Note 10 in the financial statements due to the travel allowances disclosed in "Other", which is posted to travel and accommodations in Note 10.

4. 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 Worker's Compensation Act of Nova Scotia as at December 31, 2001, for the purpose of providing input to the Financial Statements of the Board.

Our estimate of the benefits liabilities of \$1,002,978,000 represents the actuarial present value at December 31, 2001, of all expected health-care payments, short-term disability benefits, long-term disability benefits, survivor benefits and rehabilitation payments which will be made in future years, and which relate to claims arising from events which occurred on or before December 31, 2001. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease or for future costs associated with the administration of existing claims.

A new *Workers' Compensation Act* came into force on February 1, 1996. To estimate the effect of wage-loss procedures and other elements of the new *Act*, we have made use of the actuarial techniques, which were applied in the wage-loss costing work done in 1994, to evaluate the effect of the new *Act*. This work is described in separate reports to the Board.

No allowance has been made in these liabilities for any possible 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 five categories, namely: short-term disability; long-term disability; survivors' benefits; health care; and rehabilitation.

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 equal to 4.00% per annum. These assumptions are unchanged from those used in the actuarial valuation as at December 31, 2000.

The CPI assumption translates into inflation rates for indexing of benefits of 2.00% in respect of long-term disabilities and permanent survivor benefits. Indexing is at 50% of the rate of increase in the Consumer Price Index.

Liabilities in respect of future permanent long-term disability and survivor benefit awards have been determined based on factors developed from historical patterns of permanent awards, and using mortality and valuation interest rate assumptions consistent with those used in determining the existing pension liabilities. These liabilities have been adjusted for the new *Act* by blending the wage-loss costing results with emerging experience.

The liabilities in respect of short-term disability, health care, rehabilitation, and the non-permanent portion of survivors' benefits have been determined from projections of future claim payments. These projections have been based on continuation of recent payment patterns by years since the accident. An inflation rate of 4.0% per annum has been used to project future cash flows from short-term disability claims and the non-permanent portion of survivors' benefits; and 4.5% per annum has been used for health care and non-income rehabilitation benefits, reflecting the greater expected inflation rate on these items.

We have reviewed the valuation data to test for reasonableness and consistency with the data used in prior years. Although the data with respect to Extended Earnings Replacement Benefits continues to be limited, there is increasing evidence to indicate that considerably fewer than expected permanently impaired claimants are becoming long-term claimants. The liability established for all future EERB claims is approximately \$291 million. Notwithstanding this limitation, 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.



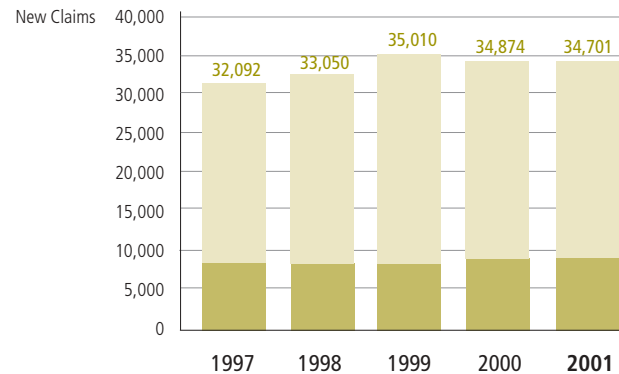
Paul G. Conrad FCIA, FSA, MAAA
Eckler Partners Ltd.

2001 STATISTICAL SUMMARY

In 2001:

- The total number of claims registered decreased by 0.5% from 34,874 in 2000 to 34,701 in 2001.
- The total number of time-loss claims in 2001 is 9,200. This represents an increase of 1.5% from the 2000 total of 9,061.
- Average claim-processing time has decreased by 15.3% (for all claims registered) since 1997, moving from 34.0 calendar days to 28.8 calendar days in 2001.
- 65.7% of claims receiving a compensation payment were paid within 15 days of the claim's arrival. This represents a 16.7% increase over last year's figure of 56.3%.
- '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 19.8% to 102.4 days from 85.5 days in 2000.
- Total assessable payroll has increased steadily since 1997. The current figure is \$6.45 billion, a 33.3% increase from the 1997 figure of \$5.10 billion.
- Nova Scotia's targeted average assessment rate of \$2.54 per \$100 of payroll was the second highest among the 12 Canadian WCBs. The actual rate was \$2.49 per \$100 of payroll as of February 28, 2002.
- The capitalization ratio increased from 68.3% in 2000 to 71.6% in 2001. The capitalization ratio is the WCB's total assets divided by its total liabilities.

Status of New Claims



Compensable					
Time Loss	8,192	8,170	8,200	9,061	9,200
Other:					
No Compensable					
Time Loss	19,970	20,532	22,790	22,251	21,727
Fatal*	16	18	23	17	16
Not Pursued or					
Disallowed	3,914	4,330	3,997	3,545	3,758
Other Subtotal	23,900	24,880	26,810	25,813	25,501
Total	32,092	33,050	35,010	34,874	34,701

Clients with					
Registered Claims	27,779	28,535	30,046	30,110	29,942

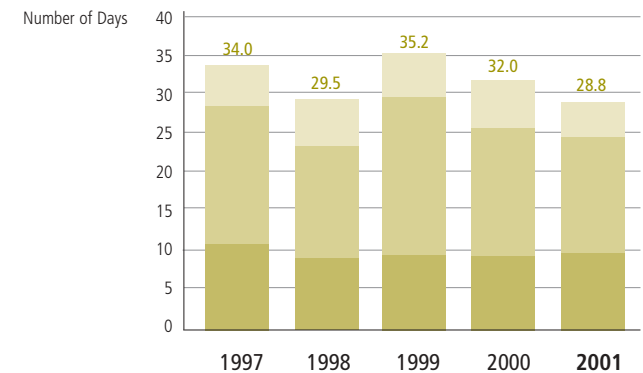
Claims represented are those registered during the report year. Time-loss claims are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

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

*1998 and prior years' figures are restated based on adoption of the Association of Workers' Compensation Boards of Canada (AWCBC) definition.

Average Claims Processing Time

All Claims Registered



Accident to Registration*	10.5	9.3	9.7	9.7	9.9
Registration to Summary**	16.9	14.3	20.2	15.8	14.9
Summary to First Payment***	6.6	5.9	5.3	6.5	4.0
Total	34.0	29.5	35.2	32.0	28.8

Based on all accidents occurring during the year as of December 31. Excludes occupational illness claims.

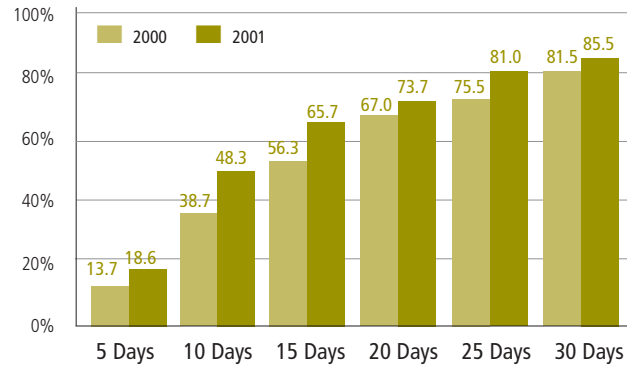
* Time from the date of accident to when a claim is officially opened at the WCB.

** Time from when a claim is first opened until all information required to make a decision is collected for a claim.

*** Time from when all required information is collected on a claim and the first compensation payment is entered onto the system.

Internal Processing Time

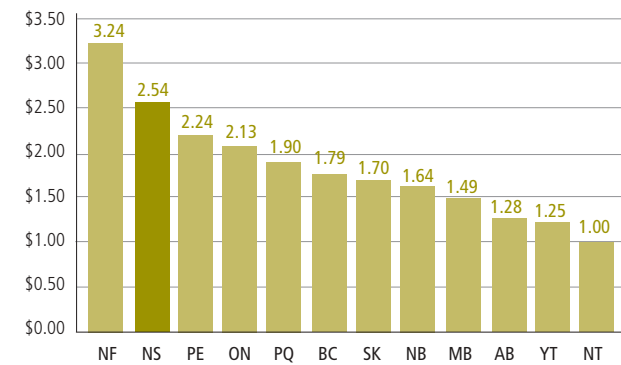
Percent of claims paid within x days of being registered with the WCB



Based on claims with accidents occurring during the year that received compensation during the year. Excludes occupational illness claims.

Targeted Average Assessment Rates

All provinces per \$100 of assessable payroll, 2001



Note: Caution should be exercised in comparing average assessment rates. Inter-provincial differences in extent of coverage, industry mix, benefit levels and assessable maximums can all affect average assessment rates.
Source: Association of Workers' Compensation Boards of Canada.

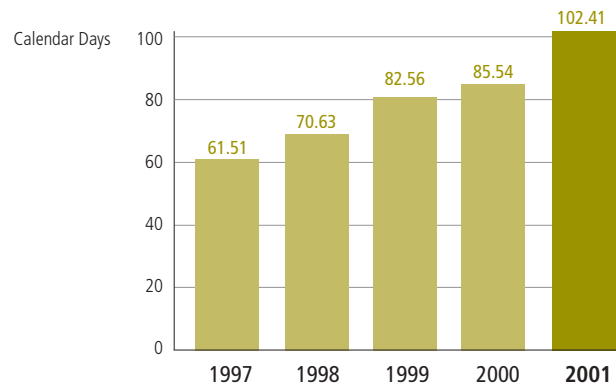
Claims Registered by Firm

Number of Firms	Number of claims registered 2001	% of all Firms	Number of new claims registered	% of claims registered
15	200 or more	0.09%	6,689	19.18%
39	100 or more	0.24%	9,903	28.40%
98	50 or more	0.61%	13,930	39.94%
214	25 or more	1.34%	17,815	51.08%
558	10 or more	3.50%	22,934	65.76%
1129	5 or more	7.08%	26,639	76.39%

Note: Totals for all columns are cumulative. For example, 98 firms account for 0.61% of all registered firms and 39.94% of all claims registered during 2001.

Average Duration of Short-Term Disability Claims

Using AWCBC Composite Method



To make all years comparable, averages are based on the first five years of an accident's duration.

Assessable Payroll by Industry

For Nova Scotia, 2001

Industry	Assessable Payroll (\$ millions)	% of Total Assessable Payroll	Number of Claims Registered	% of Claims Registered (Non Self Insured)
Manufacturing	1,189.4	18.4%	7,530	23.7%
Health and social services	1,013.7	15.7%	4,771	15.0%
Retail trade	846.3	13.1%	3,608	11.4%
Construction	582.0	9.0%	2,948	9.3%
Wholesale trade	522.8	8.1%	1,865	5.9%
Government Services	353.7	5.5%	1,186	3.7%
Accommodation, food and beverage	339.8	5.3%	2,585	8.1%
Transportation	339.9	5.3%	1,279	4.0%
Communication	296.2	4.6%	710	2.2%
Other service	247.6	3.8%	1,199	3.8%
Business service	237.7	3.7%	428	1.3%
Fishing and trapping	160.1	2.5%	624	2.0%
Mining	95.5	1.5%	255	0.8%
Real estate operator	62.6	1.0%	223	0.7%
Logging and forestry	48.6	0.8%	277	0.9%
Education	51.6	0.8%	84	0.3%
Agriculture	39.6	0.6%	276	0.9%
Finance and insurance	20.1	0.3%	16	0.1%
Unknown	0.0	0.0%	1,860	5.9%
Total	6,447.2	100.0%	31,724	100.0%

Compensable Time-Loss Claims by Nature of Injury

	2000	%	2001	%
Sprains, Strains	4,865	53.7%	5,422	58.9%
Contusion, Crushing, Bruise	1,061	11.7%	1,092	11.8%
Nature Not Stated	1,010	11.2%	912	9.9%
Cut Laceration Puncture	626	6.9%	593	6.4%
Fracture (includes teeth)	437	4.8%	309	3.4%
Inflamed Joint, Tendon, or Muscle	228	2.5%	162	1.8%
Burn or Scald (hot or cold)	174	1.9%	147	1.6%
Scratches, Abrasions	101	1.1%	98	1.1%
Hernia, Rupture	112	1.3%	89	1.0%
All Other	447	4.9%	376	4.1%
Total	9,061	100%	9,200	100.0%

Categories based on Statistics Canada Workplace Injury Codes. Claims represented are those registered during the report year. Time-loss claims for 2000 and 2001 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

Compensable Time-Loss Claims by Part of Body

	2000	%	2001	%
Back	2,942	32.5%	2,975	32.3%
Multiple Parts	769	8.4%	914	9.9%
Leg(s)	772	8.5%	774	8.4%
Shoulder(s)	660	7.3%	714	7.8%
Fingers	742	8.2%	693	7.5%
Arms(s) (above wrist)	487	5.4%	501	5.4%
Hand (does not include fingers)	405	4.5%	403	4.4%
Ankle	410	4.5%	376	4.1%
Wrist	385	4.2%	338	3.7%
Foot (does not include toes)	261	2.9%	271	2.9%
Neck	259	2.9%	254	2.8%
Chest	211	2.3%	190	2.1%
Hips	173	1.9%	146	1.6%
Eyes	107	1.2%	103	1.1%
All other	478	5.3%	548	6.0%
Total	9,061	100%	9,200	100.0%

Categories based on Statistics Canada Workplace Injury Codes. Claims represented are those registered during the report year. Time-loss claims for 2000 and 2001 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

Compensable Time-Loss Claims by Type of Injury

	2000	%	2001	%
Overexertion	2,616	28.9%	2,804	30.4%
Bodily reaction	1,822	20.1%	1,677	18.2%
Fall on same level	750	8.3%	837	9.1%
Struck by	886	9.8%	805	8.8%
Type of accident, unspecified	755	8.3%	800	8.7%
Struck against	552	6.1%	618	6.7%
Fall from elevation	583	6.4%	538	5.8%
Caught in, under, or between	395	4.4%	358	3.9%
Rubbed or abraded	139	1.5%	230	2.5%
Motor vehicle accidents	191	2.1%	162	1.8%
Contact with temperature extremes	164	1.8%	127	1.4%
All other	208	2.3%	244	2.7%
Total	9,061	100.0%	9,200	100.0%

Categories based on Statistics Canada Workplace Injury Codes. Claims represented are those registered during the report year. Time-loss claims for 2000 and 2001 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

Compensable Time-Loss Claims by Age at Accident Date

	2000	%	2001	%
Not Stated	10	0.1%	8	0.1%
Less than 20	279	3.1%	280	3.0%
20 to 24	958	10.7%	883	9.7%
25 to 29	1,147	12.7%	1,002	10.9%
30 to 34	1,239	13.7%	1,208	13.1%
35 to 39	1,486	16.4%	1,410	15.3%
40 to 44	1,353	14.9%	1,522	16.5%
45 to 49	1,126	12.4%	1,233	13.4%
50 to 54	872	9.6%	959	10.4%
55 to 59	403	4.4%	486	5.3%
60 to 64	158	1.7%	182	2.0%
65 or older	30	0.3%	27	0.3%
Total	9,061	100.0%	9,200	100.0%

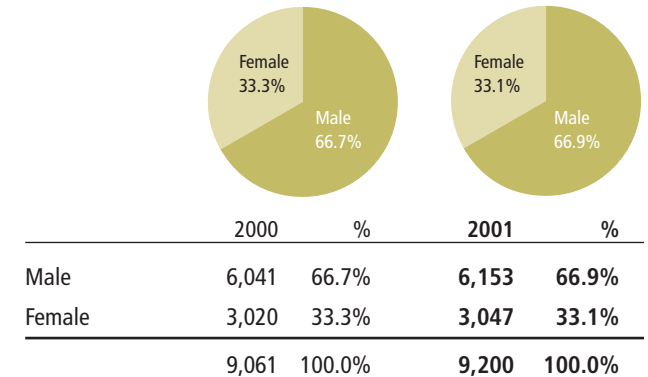
Claims represented are those registered during the report year. Time-loss claims for 2000 and 2001 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

Compensable Time-Loss Claims by Industry Sector

	2000	%	2001	%
Manufacturing	2,151	23.7%	2,104	22.9%
Health and social services	1,429	15.8%	1,461	15.9%
Retail trade	955	10.5%	942	10.3%
Construction	821	9.1%	828	9.0%
Accommodation, food and beverage	716	7.9%	667	7.3%
Government services	623	6.9%	727	7.9%
Transportation	562	6.2%	547	5.9%
Wholesale trade	463	5.1%	501	5.4%
Communication	315	3.5%	354	3.8%
Other service	276	3.0%	298	3.2%
Fishing and trapping	224	2.5%	266	2.9%
Business service	115	1.3%	125	1.4%
Mining	140	1.5%	119	1.3%
Logging and forestry	112	1.2%	103	1.1%
Agriculture	79	0.9%	81	0.9%
All other	80	0.9%	77	0.8%
Total	9,061	100.0%	9,200	100.0%

Categories based on Statistics Canada Standard Industry Classification Codes. Claims represented are those registered during the report year. Time-loss claims for 2000 and 2001 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

Compensable Time-Loss Claims by Sex of Client



Claims represented are those registered during the report year. Time-loss claims for 2000 and 2001 are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

Compensable Time-Loss Claims by Integrated Service Unit Accident Region

	2000	%	2001	%
1 Halifax Regional Municipality	3,536	39.3%	3,667	39.9%
2 Central & North Shore	2,059	20.1%	1,944	21.2%
3 South Shore & Valley	1,763	18.3%	1,999	21.7%
4 Cape Breton	1,393	16.1%	1,126	12.2%
Other	310	6.2%	464	5.0%
Total	9,061	100.0%	9,200	100.0%

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

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 systems in the United States, France, Belgium, England, 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 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 for 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 received benefits based on a calculation of wages lost as a result of the injury.

Halifax Office

Workers' Compensation Board
of Nova Scotia
5668 South Street
P.O. Box 1150
Halifax, NS B3J 2Y2

Phone: (902) 491-8999
Toll-free: 1-800-870-3331
General Fax: (902) 491-8002
Accident Reporting Fax: (902) 491-8001

Sydney Office

Workers' Compensation Board
of Nova Scotia
Medical Arts Building
336 Kings Road, Suite 117
Sydney, NS B1S 1A9

Phone: (902) 563-2444
Toll-free: 1-800-880-0003
Fax: (902) 563-0512

Virtual Office

Website: www.wcb.ns.ca
Email: Info@wcb.gov.ns.ca



**WORKERS'
COMPENSATION
BOARD OF NOVA SCOTIA**