more = less

Workers' Compensation Board of Nova Scotia **2006 Annual Report**

More prevention

More safety

More awareness

More safe and timely
return to work

More attention to safety

= less injury

= lower rates

= less risk

= less human tragedy

= Nova Scotians safe and secure from workplace injury

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Year-at-a-Glance

(Dollar amounts in millions)

	2006	2005	2004
Number of Claims Registered	**31,810**	34,017	34,166
Number of Compensable Time-Loss Claims Registered	**8,274**	9,046	9,298
Duration Index (excluding chronic pain claims in Transition Services, in days)	**105**	114	104
Duration Index (all claims, in days)	**107**	119	108
Targeted Average Assessment Rate (per $100 of assessable payroll)	**$ 2.65**	$ 2.65	$ 2.57
Actual Average Assessment Rate	**$ 2.63**	$ 2.63	$ 2.59
Total Assessable Payroll (billions)	**$ 7.8**	$ 7.6	$ 7.4
Total Assessment Revenue	**$ 242.7**	$ 240.0	$ 223.7
Total Investment Income	**$ 49.6**	$ 95.3	$ 25.2
Total Assets (billions)	**$ 1.1**	$ 1.0	$ 0.9
Total Administration Costs	**$ 43.0**	$ 38.1	$ 31.7
Legislated Obligations	**$ 8.8**	$ 9.2	$ 9.5
Total Claims Costs Incurred	**$ 162.9**	$ 152.4	$ 136.7
Excess of (Expenses over Revenues) Revenues over Expenses	**($ 10.2)**	$ 25.6	$ 2.4
Total Liabilities (billions)	**$ 1.4**	$ 1.3	$ 1.3
Percentage Funded Ratio	**81.20%**	74.9%	72.4%
Timeliness of First Payment to Injured Workers (percentage of payments made within 15 days of injury)	**78.0%**	81.3%	80.9%
Injury Frequency Rate (time-loss claims per 100 covered workers)	**2.7%**	2.9%	3.0%

“At Farnell Packaging, preventing workplace injuries is more about fixing problems and less about laying blame.”

Debby Farnell Rudolph, Human Resources Manager, Farnell Packaging

A Message from the Board of Directors

Nova Scotia's workplace safety and insurance system is a partnership of safety champions.

The WCB is a key organization in the system, but we know we cannot create a workplace safety culture in this province alone. If we are to be successful, we need all Nova Scotians to be focused on the same objective – healthy and safe workplaces.

That's why it has been so encouraging for us, the WCB Board of Directors, to see more stakeholders than ever become involved in the system over the past year. In that time, we have focused on bringing a new governance model, introduced in 2005, to life. Governance is important because it is through this structure that the needs of all stakeholders are heard and balanced, the strategic direction of the system is set and the performance of the system is monitored. The Board of Directors has focused this year on becoming more accessible to more people, and listening to their issues and ideas. The new model is grounded in sharing relevant information on a timely basis to ensure there is good quality discussion – not just a good "quantity" of discussion.

The model is open and transparent. At this fall's stakeholder discussion, the Board heard workers' and employers' views on their priorities for the system and the WCB's policy agenda. They shared their thoughts on whether the WCB is focused in the right areas and what steps are needed to advance Nova Scotia's safety culture. The Board of Directors gives the input from these discussions serious consideration during our corporate planning process. This is a new way of making decisions. We consider the input we have heard and make decisions at the board table that reflect all stakeholder points of view – not just the views of those who have appointed us. Each spring, we will report back to stakeholders on our progress at the system annual meeting.

The governance model for the workplace safety and insurance system may be unique but what matters is that it works. And it works because employers and workers in Nova Scotia helped build it. A lot of the credit for it goes to Louis R. Comeau, who retired as Chair of the Board of Directors in August. The model is a testament to the importance he placed on responding to the needs of stakeholders.

And stakeholders are embracing this new model.

During the past year, they have had direct input into the ongoing process to select a new Chair; helped develop new system performance measures; helped shape long-term plans for the system; and provided feedback on the WCB's policy development priorities.

The new model provides numerous opportunities for workers and employers to come together and share ideas on how to prevent workplace injuries and help injured workers return to work in a more safe and timely manner. They have given their valuable time and have committed to make this model work.

In return, their efforts will help save lives. What better return on investment could there be?

WCB Board of Directors

Board of Directors

Left to right (back row):

Employer Representative
Audit and Finance Committee member, Governance and Human Resources Committee member
Archie MacKeigan

Employer Representative
Governance and Human Resources Committee member, System Goals Advisory Committee member
Carol MacCulloch

Acting Chair
H. Ramsay Duff

Chief Executive Officer
Nancy MacCready-Williams

Worker Representative
Audit and Finance Committee member, Investment Committee member
Betty Jean Sutherland

Worker Representative
Investment Committee Chair, Audit and Finance Committee member
Deborah Ryan

Worker Representative
Governance and Human Resources Committee member, System Goals Advisory Committee member
Mary Lloyd

Left to right (front row):

Employer Representative
Audit and Finance Committee Chair, Investment Committee member
James Melvin

Employer Representative
Investment Committee member
David Thomson

Worker Representative
Governance and Human Resources Committee Chair
Janet Hazelton

“The more efficiently I process travel and medical aid expenses, the less an injured worker has to worry about the financial impact of their injury.”

Kevin Donaldson, Medical Aid Assistant, WCB

A Message from the CEO

What is the measure of a job well done?

Ask that question a thousand times, and you'll likely get a thousand answers. If you work in forestry, you might measure success in board feet. In fishing, you might measure it in pounds, and in trucking, perhaps in kilometers. If you work in health care, you have succeeded when a patient leaves the hospital; if you work in hospitality, the longer someone stays with you, the better.

No matter where we are or what we do, we share certain feelings about the place work holds in our lives, and, about what defines a job well done.

Obviously, we all work because it offers some financial benefits. It's how we provide for ourselves and for those we care about. One measure of success, then, is that you've made some financial progress at the end of the day.

But work means more than a paycheque. Our jobs are part of how we define ourselves. Getting up in the morning, going to work, and coming home at the end of the day is more than a daily routine – it is part of who we are. When it happens, we feel accomplishment, perhaps a touch of pride, and a sense of being further ahead than we were the day before. When it doesn't, we feel like we're missing something. These, perhaps, are the human measures of a job well done.

At the WCB, our vision is a Nova Scotia safe and secure from workplace injury. But what does that mean? How do we know if we are succeeding? To be sure, measuring our success can be complex. But I believe it is also ultimately simple. Like any job well done, it should be measured in both human and financial terms.

Currently, Nova Scotia has one of the highest rates of workplace injury in Canada. In 2006, 22 people died as a result of a workplace injury in this province – almost one person every two weeks. Also, since the implementation of the earnings-loss system in 1996, the length of time needed to achieve safe and timely return to work following a workplace injury has been on an increasingly upward trend. So much so that, in 2005, Nova Scotia held the record for the highest claim durations in Canada, paying over 1 million days in temporary earnings-loss benefits due to workplace injury – the equivalent of 2850 Nova Scotians out of the workforce for an entire year. That reality translates into significant human tragedy and financial costs.

If we reduce the number of people hurt on the job and help injured workers return to work in a safe and timely manner, these workers can get their lives back, and we will lower the cost of workplace injury insurance for employers.

These are very ambitious goals – and we are making progress. In 2006, there were 140,000 fewer days (13%) lost due to workplace injury, which means the equivalent of 390 workers were back on the job for an entire year. The injury rate in our province fell from 2.87 to 2.66 – a drop of 7% over 2005. That reduction surpassed our five-year objective. Injured workers also returned safely to their jobs in a shorter period of time last year. This represents nearly $4.5 million in savings in short-term disability payments. Importantly, this was accomplished while maintaining the satisfaction of those injured workers we served.

Injury prevention and safe and timely return to work are the keys to our social and economic success. But first and foremost, we must remember that we are in the business of people. We help to keep Nova Scotians safe from workplace injury, but if it occurs, we are there for workers, their families and their employers.

These are our reasons for going to work in the morning. These are our measures of a job well done.

Sincerely,

Nancy MacCready-Williams

Nancy MacCready-Williams
Chief Executive Officer

“The more we enhance the health and safety skills of our workers, the less injury will impact Northwood and the quality of care we provide to our clients and residents.”

Josie Ryan, Corporate Director, Organizational Health, Northwoodcare Inc.

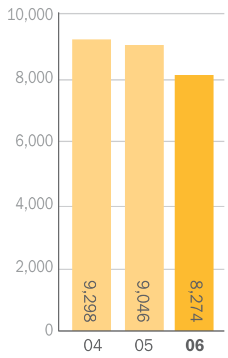
Year In Review

Throughout 2006, the WCB stayed focused on our vision that all Nova Scotians will someday be safe and secure from workplace injury.

The combined efforts of employers, workers, health care providers, the WCB, and many others, led to some very positive results this year. There was increased economic activity in the province, which was evidenced by a 3% increase in assessable payroll. In spite of this increased activity, the number of time-loss claims filed with the WCB was down 8.5%. For the first time in 10 years there was a steady decline in claims over the entire year.

While these signs are very positive, Nova Scotia continues to have one of the highest rates of workplace injury in Canada, and it takes longer for an injured worker to return to work than in any other Canadian jurisdiction. The combination of these factors means that, at $2.65 per $100 of payroll, Nova Scotia employers continue to pay the second highest assessment rates in Canada. We recognize that this comparison doesn't consider the two-day waiting period in Nova Scotia, which makes our claim duration look worse than it really is on a relative basis. The point is, there remains a huge potential to reduce the human suffering associated with workplace injury.

Compensable Time-Loss Claims



Reducing workplace injury

In 2006, the WCB's prevention programs kicked into high gear. Helping employers understand the correlation between their safety and return-to-work performance and the premiums they pay for workplace injury insurance is absolutely fundamental to reducing the human and financial impact of workplace injury in Nova Scotia. Two WCB programs help employers make this important link.

Priority Employer Program

The Priority Employer Program sees the WCB provide a helping hand to those employers with the most opportunity to improve their safety and return-to-work performance. A number of factors determine the level of engagement the WCB offers, ranging from information to hands-on coaching.

The employers involved in the program are seeing some significant improvements in their claims payment experience to date, which means fewer people are being injured in these workplaces and those who are injured are returning to work in a more safe and timely manner.

The WCB engaged more than 126 employers in the Priority Employer Program in 2006.

Safety Incentive Program

The philosophy behind the Safety Incentive Program is simple – our experience rating system is more responsive than in the past – employers with reducing claims payment experience relative to their peers see their premiums go down more quickly, while those getting worse pay more for workplace injury insurance.

For employers whose payments are significantly and consistently above the average in their rate group, the WCB will issue a poor safety performer surcharge in 2008. More than half of the 18,000 companies registered with the WCB saw their rates go down in 2006. Meanwhile 166 firms received surcharge warning notices for the first time and another 145 received their second warning notice.

More access for employers

A major development in 2006 was the successful launch of MyAccount, an online business tool for employers. Through MyAccount, employers have access to their WCB account over the Internet, 24 hours a day, seven days a week. In a few mouse clicks, employers can now access, at their own convenience, information that once required them to call the WCB during business hours. At a glance, for example, an employer can determine how changing their safety and return-to-work performance could impact their WCB premiums.

By year end, more than 4,000 employers were accessing their account information online and more employers continue to register for this new service every day.

Collaboration with health care

Research shows that when an injury occurs, staying connected to the workplace and continuing to work are important factors in injury recovery. The longer employees are off work, the more complicated injuries become and the less likely workers are to return to work.

The WCB is addressing this issue on a number of fronts. Building on a new approach to physiotherapy implemented in 2005, the WCB partnered with Doctors Nova Scotia in 2006 to expand physicians' knowledge of best practices in occupational medicine and to help physicians recognize the key role they play in helping injured workers return to work.

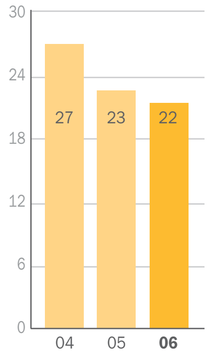
An important feature of this WCB-led initiative is an Enhanced Physician Service – medical services provided by a network of physicians across the province who have additional training and interest in occupational medicine – to assist injured workers with a safe and timely return to work. The Enhanced Physician Service came into effect in December 2006.

Chronic Pain

Work to review claims for workers requesting benefits for chronic pain continued throughout the year. With more than 6000 requests from workers, the WCB expanded its team by hiring 70 new employees in 2005 to ensure that these claims are reviewed in as timely a manner as possible.

By the end of 2006, the WCB had made significant progress with this work having reviewed claims for nearly 4000 workers.

Fatalities



Several workers who were injured prior to April 17, 1985 (the effective date of the equality provisions of the *Canadian Charter of Rights and Freedoms*) have appealed their WCB decision denying them benefits for chronic pain. The issue of whether workers injured “pre-Charter” are entitled to be assessed for chronic pain benefits is currently under appeal. A decision from the Workers’ Compensation Appeals Tribunal is expected in mid 2007.

Currently, the WCB remains on track to complete the review of all claims on the chronic pain list by the end of 2007.

Looking Forward

When employers take steps to provide a safe work environment, it not only keeps employees safe and free from injury, it reduces workers’ compensation costs for employers.

The WCB will continue to focus on preventing workplace injuries and providing financial assistance and other services to help injured workers return to work in a safe and timely manner.

Unfortunately, there are still many areas where improvements in our safety culture are needed. In the days ahead, the WCB will be exploring ways to help employers address ergonomic issues in their workplaces. We also will be working with health care officials to ensure more expedited services are available for injured workers so the time away from the workplace due to injury is minimized. Further, we will be continuing to promote injury prevention through social marketing and examining our service delivery model to ensure we meet employer and worker service expectations.

“The WCB has become a valued partner of the health care industry. The more workplace safety education they provide, the fewer injuries we’ll have in our workplaces.”

Carla Anglehart, Director, Organizational Development, Nova Scotia Association of Health Organizations

Report of the Client Relations Officer

The Client Relations Officer is an independent and neutral resource for workers and employers with complaints about the service they receive from the WCB. As part of the WCB's Communications Team, I am not involved in day-to-day operations, nor do I render decisions on claims or assessment matters. I report quarterly to the Board of Directors on my activities and to stakeholders annually in the WCB's annual report. The Client Relations Officer's impartial perspective presents a unique opportunity to track complaints, identify systemic concerns and recommend service improvements.

In 2006, I received 49 formal complaints – 23 of which were either substantiated or partially substantiated. Injured workers' groups and individual workers filed the majority of complaints. More than half of the complaints dealt with communication issues between injured workers and their case workers.

Chronic pain continued to be a primary area of focus during the year. In particular, many inquiries dealt with whether workers who developed chronic pain prior to April 17, 1985 (the date the equality provisions of the *Canadian Charter of Rights and Freedoms* came into effect) are eligible to be assessed for chronic pain benefits. Appeals from workers on this issue are currently before the Workers' Compensation Appeals Tribunal.

Throughout the year, I have had the pleasure of talking to many people we serve. Each conversation I have with an employer, worker or government official provides useful insight into how the WCB's service is perceived by stakeholders. We will use that input as we strive to continually improve our service.

Tim McInnis
Client Relations Officer

“Return to work with appropriate physiotherapy services means less time lost from work and a more productive workforce!”

Mike Sutton, CEO, The Physioclinic

Plans and Progress

Vision
Nova Scotians – safe and secure from workplace injury.

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

Goals
The strategic goals of the WCB are as follows:

- With our partners, we are building a workplace safety culture.
- With our partners, we improve outcomes for safe and timely return to work.
- We are an organization with a skilled and committed team of employees with the knowledge and tools to provide excellent service, and who are proud of what they do.
- We are an organization providing excellent and efficient service that is open and accountable to the people we serve and the public.
- We are an organization that is financially stable and sustainable.

Balanced Scorecard
We have developed a balanced scorecard to measure our performance against each goal. The performance measures will allow us to track and benchmark our performance over time. The performance measures will act as a tool by which the WCB can identify areas of strength and

Balanced Scorecard

	Actual '05	Actual '06	Target '06
Service			
Worker Satisfaction			
... Treated fairly	88%	89%	91%
... With outcome	71%	71%	76%
... With WCB employee effectiveness	68%	70%	75%
Employer Satisfaction			
...Treated fairly	73%	75%	73%
... With WCB employee ability to answer questions	74%	75%	70%
... With WCB employee effectiveness	37%	40%	37%
Operations			
Time-loss injuries per 100 covered employees	2.87	2.66	2.92
Duration composite in days (excluding chronic pain claims)	114	105	104
Percent return to work at 100% pre-injury earnings	93%	93%	93%
Employee			
Percent employees with a sense of pride in WCB accomplishments	78%	80%	70%–75%
Percent employees that would recommend WCB as a good place to work	87%	87%	80%–85%
Financial			
Indexing of benefits	50%	50%	50%
Average annual assessment rate	$2.63	$2.63	$2.65
Unfunded liability retirement date	2017	2016	2017

weakness so that we can better meet the needs of the people we serve. We are focused on a wide range of business areas, which is why our balanced scorecard contains a mix of financial and non-financial performance measures.

By the end of 2007, our scorecard will reflect five-year targets. We plan to replace the employee and service measures with indices. We are currently revising our scorecard to achieve a better balance with the performance measures in development by the System Goals Advisory Committee for the Workplace Safety and Insurance System. The new measures, to be introduced on the WCB scorecard in 2007, will provide greater focus on the expectations and accomplishments of the WCB. While some of the measures on the WCB scorecard may change, the quadrants will remain the same – service, operations, employee and financial.

Performance Measure: Service – Worker Satisfaction

Significance

To help determine whether the WCB is meeting the needs of its stakeholders, the WCB contracts with an external professional services firm. The firm surveys injured workers monthly. Annually, approximately 1,600 injured workers are surveyed. The firm contacts injured workers to determine their level of satisfaction with the service they receive from WCB employees.

Performance

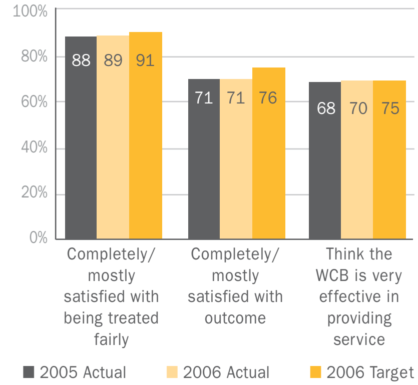
During the year, worker satisfaction had shown slight improvement. However, by year end, the results remained short of the 2006 targets and are more in line with our 2005 results.

We have seen mixed results in a number of areas examined in our monthly surveys. These results are difficult to interpret. For example, satisfaction with brochures, letters and the telephone system varied from month to month and the variations are not linked to any operational changes in these areas.

Our programs and strategies

In 2007, we will continue to monitor worker satisfaction. We will change the surveying schedule of injured workers from monthly to quarterly to reduce any fatigue that might be associated with the process. In 2007 we will continue to redesign the way we deliver our service, with a focus on providing service and support to assist employers and their employees in being safety leaders.

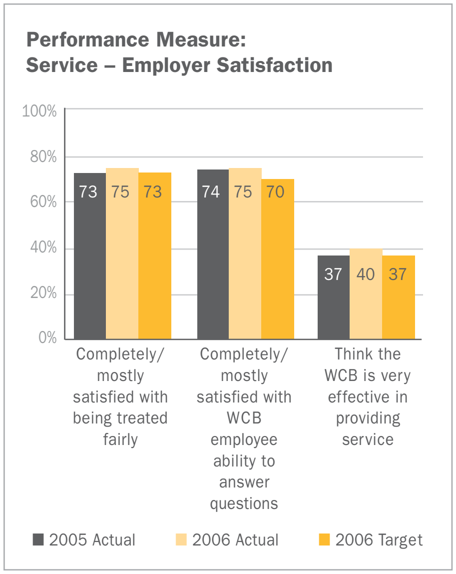
Performance Measure: Service – Worker Satisfaction



Outlook

In the near future, we expect the benefit of our new programs to translate into improved worker satisfaction. In connection with the change in our operating systems, we plan to implement a new methodology for measuring satisfaction in 2007, which is expected to yield additional insights regarding the underlying causes of our results. Having additional insight into the drivers of satisfaction will allow for the development of action plans for improvement in specific areas.

A new performance index for service – Worker Satisfaction – is currently under development. The 2007 target is 70%.



Performance Measure: Service – Employer Satisfaction

Significance
To understand whether employers are satisfied with the service received from the WCB, we contract with an external professional services firm. The firm surveys covered employers on a quarterly basis. Annually, approximately 1000 employers are surveyed. We are pleased that the level of employer satisfaction continues to exceed targets.

Performance
During 2006, the WCB exceeded targets for employer satisfaction and showed improvement over 2005 results. In keeping with our commitment to be open and accessible, we continue to meet with employers through one-on-one meetings and workshops across the province. The primary focus of these meetings is to better understand employers' needs for service and to provide tools to improve workplace safety and facilitate safe and timely return to work.

We believe that as a result of these and other initiatives, including improved targeting of the Nova Scotia Environment and Labour's Occupational Health and Safety Division's inspection services, the injury rate has declined significantly – a positive indication that the actions we and our partners have taken to date are yielding results.

Our programs and strategies
To date we have launched MyAccount, an online tool. This is a new service delivery channel that provides employers with online access to claims data, rate breakdowns, assessment payments and payroll history, business tools such as industry comparisons, links to prevention information, as well as e-forms. To date, over 4,300 employers have registered. This has led to increased self reliance and satisfaction. The take-up rate from employers has exceeded project targets and user feedback has been overwhelmingly positive.

Outlook
In 2007, the WCB will continue the review of the way we provide service to employers and workers, taking steps to tailor our service to the needs of different segments. Our continuing focus on injury prevention and safe and timely return to work through targeted outreach and the development of educational materials are expected to improve employer co-operation and satisfaction.

A new performance index for service – Employer Satisfaction – is currently under development. The 2007 target is 70%.

Performance Measure: Operations

Significance
Our operational performance measures are designed to track whether we are being successful in reducing claim durations (measured by the composite duration index), increasing the number of injured workers who return to work without a long-term earnings loss (percent return to work at 100% pre-injury earnings), and reducing the number of workers injured on the job (injury rate).

Performance
In 2006, injured workers returned safely to their jobs in a shorter period of time and Nova Scotia's injury rate fell significantly. The injury rate fell 7% from 2.87/100 covered workers in 2005 to 2.66 in 2006, beating the outcome we expected to achieve in five years (as published in the 2005 Annual Report).

For 2006, our composite duration index (a measure of the number of days that short-term disability benefits are paid per claim) decreased 8% (from 114 days to 105 days). This was due to a number of improvements in our operational processes supported by our improved relationships with partners in the health care sector.

In particular, we signed a new contract with physicians in the province to improve treatment for injured workers and reduce the amount of time that is spent away from the job as a result of an injury. We also provided multi- and inter-disciplinary services for injured workers with severe injuries to improve the assessment of their injuries and their wellness. The redesign of our return-to-work processes helps ensure a safe and timely return to work.

Performance Measure: Operations

	Actual '05	Actual '06	Target '06	Target '07
Time-loss injuries per 100 covered employees	2.87	2.66	2.92	2.60
Percent return to work at 100% pre-injury earnings	93%	93%	93%	93%
Average short-term disability payment per claim (excluding chronic pain claims)*				$3,700

* This is a new performance measure planned for 2007.

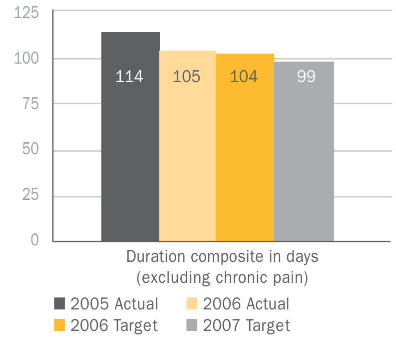
Our programs and strategies

To achieve improved operational performance we will continue to work with our partners to prevent injuries and promote safe and timely return to work. We will focus on three key areas:

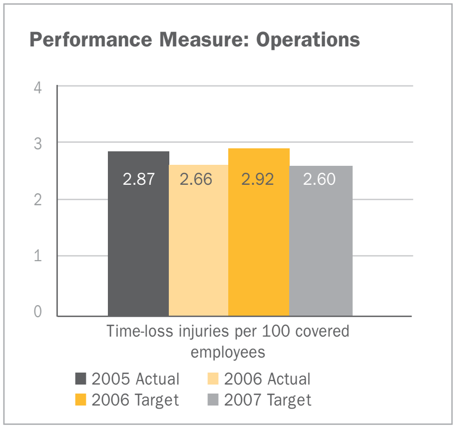
Injury prevention and education – the WCB is helping to create a safety culture in Nova Scotia by working directly with employers and workers to reduce the number of people who are injured in the workplace. Our approach includes a prevention education program aimed at providing employers with information about how to make their workplaces safer. We are raising awareness of workplace safety among Nova Scotians and promoting safe behaviour on the job. Two social marketing campaigns were completed in 2006 – one targeted to young workers and the other targeted to the general public.

Return to work – the WCB assists injured workers and their employers to achieve safe and timely return to work after a workplace injury. A safe and timely return to work helps reduce the overall human and financial costs of workplace injuries for both workers and employers. The return-to-work redesign has also been critical to our efforts to improve claim durations.

Performance Measure: Operations



The WCB is working with physicians in Nova Scotia to enhance safe and timely return to work by endorsing best practices in occupational medicine. The initiative involves educating physicians about the workers' compensation system and return to work, and clarifying their role in the process. The WCB-led initiative has two components: an enhanced working relationship with physicians through a new partnership which required physicians to provide the WCB with critical information required for return-to-work management; and the facilitation of an Enhanced Physician Service in which physicians with additional expertise and experience in occupational medicine assist with an injured worker's safe and timely return to work. The Enhanced Physician Service came into effect in December 2006.



Chronic Pain – Work to review claims for workers requesting benefits for chronic pain continued throughout the year. With more than 6,000 requests from workers, the WCB expanded its team by hiring 70 new employees in 2005 to ensure that these claims are reviewed in as timely a manner as possible. By the end of 2006, the WCB had made significant progress with this work, having reviewed claims for nearly 4,000 workers.

Outlook

Going forward, we will continue to implement and monitor the new contract with physicians to further reduce claim durations, lower claim costs incurred and improve wellness and return-to-work outcomes. We will extend the online services provided through MyAccount to health service providers, beginning with physiotherapists, to reduce delays associated with the transfer of information. We will explore enhanced arrangements with other healthcare service providers.

Performance Measure: WCB Employee Satisfaction

Significance

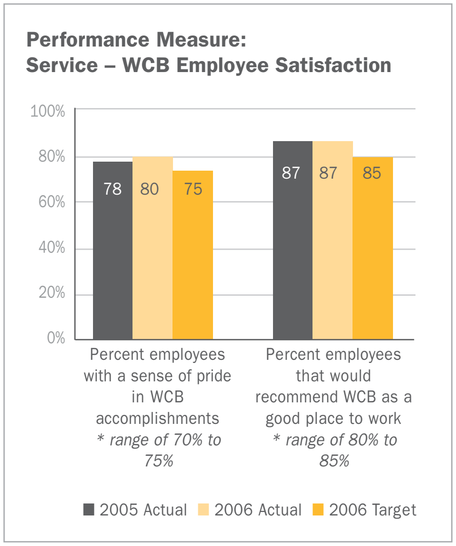
An external professional services firm is hired to conduct an internal survey of our employees on an annual basis. We must first start with our own employees and create an environment where they are able to provide excellent service and achieve our targets for worker and employer satisfaction. It is important that our employees have a sense of pride in their accomplishments and feel they are providing excellent service to employers and making a difference in the lives of injured workers.

Performance

The 2006 results show that WCB Employee Satisfaction outperformed the targets we set. Employees come together every year to offer their thoughts and opinions on how to better serve our stakeholders and how to make the WCB a better place to work. Employees were also invited to take part in important information sessions toward the development of a new Service Delivery Model for the WCB.

Our programs and strategies

Several initiatives are being implemented to sustain WCB employee satisfaction, including a program to recognize employee achievements and a leadership performance management and development program, which will contribute to a healthy work environment.



Outlook

An important part of our future is the creation of the new Service Delivery Model. Throughout 2007 and beyond, employees will take part in events geared to the development of the new model. To ensure our own employees are safe and secure, we will continue with a health and safety review of our workplace.

A new performance index for service – Employee Satisfaction – is currently under development. The 2007 target is 70%.

Performance Measure: Financial

Significance

Our stakeholders have consistently told us that the WCB needs to be financially stable and secure. Currently, the WCB anticipates eliminating the unfunded liability by approximately 2016.

Performance

Over the past ten years, the WCB's financial situation has continued to improve. The percentage funded ratio has increased from 75% at year end 2005 to 81% at year end 2006.

Our programs and strategies

We recognize that there are pressures to reduce rates and increase benefits. The Funding Strategy presents the base case on which future annual revisions will be made. The base case contemplates an average assessment rate of $2.65 through 2016 and indexing of benefits for changes in the Consumer Price Index to continue at 50%, until resources allow for an enhancement. The achievement of our financial objective is tied to the success of our operational programs for injury prevention and a safe and timely return to work.

Performance Measure: Financial

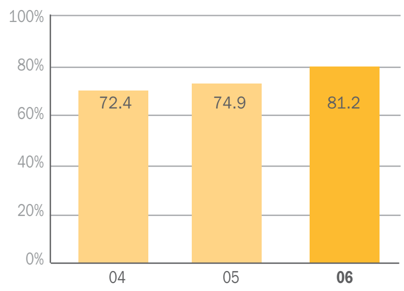
	Actual '05	Actual '06	Target '06	Target '07
Indexing of benefits	50%	50%	50%	
Average annual assessment rate	$2.63	$2.63	$2.65	
Unfunded liability retirement date	2017	2016	2017	
Claims payments for the last 3 years per $100 of payroll*				$0.908
Administrative costs per $100 of payroll (excluding Transition Services)*				$0.39
Return on investment – 5 years*				Benchmark Portfolio Return + 0.85%

* These are new performance measures planned for 2007.

Outlook

The elimination of the unfunded liability is dependent upon many factors which are beyond the control of the WCB, as well as the successful implementation of our operational programs. Sound financial stewardship will be vital to ensure the unfunded liability is eliminated on a timely basis.

Percentage Funded Ratio



“The more safety information we can provide, the less impact injuries have on all our clients in pain, suffering and costs. Everyone should go home to their families and friends after a hard day at work.”

Tommy Harper, Prevention Consultant, WCB

Management's Responsibility for Financial Reporting

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

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

The WCB's Board of Directors has approved the financial statements included in this annual report. The Board of Directors is assisted in its responsibilities by the 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.

Nancy MacCready-Williams
Chief Executive Officer

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

“It’s satisfying to know that the work I do helps to make injuries less likely to happen, or more bearable if they do.”

Amy Levy, Administrative Assistant, WCB

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*. Pursuant to the *Act*, the WCB strives to prevent workplace injury, but if it occurs, supports injured workers, their employers, and health care providers to achieve a safe and timely return to work; administers benefits and services to injured workers; and levies and collects assessment revenues in an amount sufficient to cover the current and future costs of compensation claims. The WCB obtains revenues from premiums paid by employers registered with the WCB, reimbursements of claims costs and administrative fees from self-insured employers, and investment income. The WCB provides coverage to approximately 72% of workers employed in Nova Scotia.

Statement of Financial Position

Investments

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

During 2006 the benchmark portfolio included equity at 60%, bonds at 30% and real estate at 10%. The benchmark portfolio reflects the fund's long-term risk tolerance. At any given time, the fund's asset allocation may differ from the benchmark, but the benchmark is useful for assessing performance of the fund. The investment target overall is to exceed the rate of return generated by the benchmark portfolio and market index yields for the various asset classes by 0.85% before management fees based on a five-year average.

The WCB uses both active investment strategies where the investment manager is charged with exceeding the market index returns and passive investment strategies where the investment manager is charged with achieving market index returns. The WCB uses an active management strategy for Canadian, international and some U.S. equities and real estate investments. The WCB uses a passive investment strategy for Canadian bonds and some U.S. equities.

The active manager's objective is to exceed the return generated by the benchmark portfolio by 1.5% for Canadian equities, 2.0% for international equities and 1.0% for U.S. equities before investment management fees based on a five-year average. For the indexed manager, the objective is to match the return generated by the fund benchmark portfolio with a tracking error of +0.15% for U.S. equity; and +0.10% for nominal bonds before investment management fees based on a five-year average.

Investment returns on the externally-managed portfolio, on a market basis, were 14.5% in 2006, which was 0.2% more than the benchmark for the year. These results reflect a year in the capital markets which saw the S & P / TSX Composite increase 17.3%, the S & P 500 increase 15.6% in Canadian dollars, and the MSCI EAFE increase 26.2%. The bond markets showed positive returns at 4.1%. The target for the five years ended December 31, 2006 was 9.3%, and for the WCB's actual return was 7.4% for the period. The WCB's target was not achieved for the five-year period.

As required by generally accepted accounting principles, investments are recorded at fair market value. The Statement of Other Comprehensive Income accounts for gains and losses that result from changes in fair market value. Cumulative changes in fair market value for investments still owned are tracked as accumulated other comprehensive income. As the majority of investments are held to meet payment obligations that extend many years into the future, the valuation of investments at a point in time provides a comprehensive view of the financial position of the WCB at only a point in time.

Benefits Liabilities

The WCB's benefits liabilities represent the actuarial present value at December 31, 2006 of all expected healthcare payments, short-term disability benefits, long-term disability benefits, survivor benefits and rehabilitation payments that will be made in future years, and which relate to claims arising from events that occurred on or before December 31, 2006. The benefits liabilities figure represents the best estimate of the payments that would be required if these liabilities were settled in cash on December 31, 2006.

The benefits liabilities grew by 3% as set out in detail in Note 7 to the financial statements. The change is attributable to the change in the present value of benefits payable in future years, as calculated through the annual actuarial valuation process.

Chronic Pain Related Benefits

On October 3, 2003 the Supreme Court of Canada found that certain sections of the *Workers' Compensation Act* relating to compensation for chronic pain were unconstitutional. The Supreme Court further ruled that the unconstitutional sections of the *Act* and policies relating to chronic pain benefits were to be of no force and effect by April 3, 2004. Regulations were passed in July 2004 and policies were passed in September 2004 reflecting the Supreme Court decision. These changes resulted in benefit costs that increased the benefits liability.

In 2003, estimates of the increase in liabilities for benefits related to chronic pain for all employers ranged from $198.5 million to $316.4 million. As described in Note 11, the benefit liabilities related to self-insured employers are not included in the WCB's benefits liabilities account. In 2003, estimates of the increase in liabilities for benefits related to chronic pain, excluding the self-insured employer portion, ranged from $158.8 million to $253.0 million. At that time, no amount within the range was indicated as a better estimate than any other. The lower end of this range was included in the benefits liability of the 2003 financial statements with an additional $9.5 million for future claims administration for a total of $168.3 million.

The WCB began adjudicating claims based on the new regulations and policies late in 2004, and by the end of 2005 had the opportunity to look at the data associated with these claims and the costs we had seen to date. Based on the WCB's experience, we had enough information available to adjust the costs in both the 10E group (workers injured March 23, 1990 to January 31, 1996) and Pre-Hayden group (workers injured before March 23, 1990) and made a limited adjustment to the New *Act* group (workers injured on or after February 1, 1996). The 2005 valuation increased the estimate for chronic pain related benefits by $23.7 million and an additional $1.4 million for future claims administration for a total adjustment of $25.1 million, bringing the total anticipated cost to $193.4 million excluding the self insured portion.

As of December 31, 2006, over half of the chronic pain claims were processed. The most significant area of uncertainty noted in the 2005 financial statements involved the overall cost of chronic pain related benefits as related to the New *Act* group. With 42% of the processing of this group completed and acceptance rates and average costs per claim as expected, we are satisfied that no further adjustment is warranted at this time.

Pre-Charter Group

When the original costing estimates were prepared, providing chronic pain related benefits on claims in the Pre-Charter group (workers who were injured and developed chronic pain before April 17, 1985) was not anticipated and therefore not included in the original costing estimates. This issue is currently under appeal so there is uncertainty around the application of the law for these claims. Should it be determined the Pre-Charter group is entitled to benefits, we estimate the total system cost at approximately $12 million, 62% or $7.4 million of which relates to insured claims.

New Act Group

There is still some uncertainty in relation to the cost of chronic pain related benefits within the New *Act* group. We continue to receive requests for assessment although the rate of inquiries has slowed significantly. As we progress through the chronic pain claims, we note continuing decreases in the acceptance rate and in the average cost per claim. This indicates that, as expected, the earnings loss experience of claims processed in the last half of 2006 is quite different than that of those processed during the first year and one-half of processing chronic pain related claims.

As noted above, we do not find it necessary to further adjust our chronic pain estimates in 2006. We expect continued decreases in average cost per claim and in the acceptance rate, such that overall costs will be consistent with estimates included in the 2005 financial statements. While additional adjustments may be necessary as processing of chronic pain claims continue, we expect any adjustments to the cost estimates associated with the New *Act* group to be relatively small. The risk of system costs reaching the previously published upper limit of $400 million is now considered low.

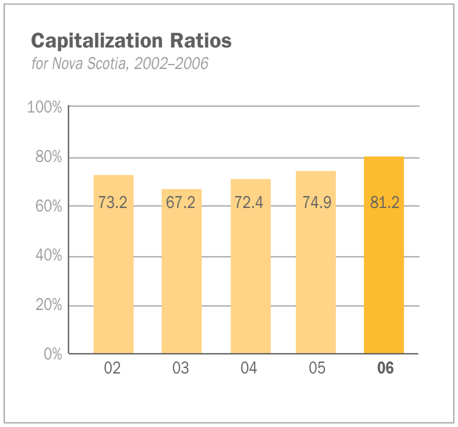
Other Cautions and Considerations – Benefits Liabilities

The healthcare portion of benefit costs continues to increase well beyond inflation. The pattern of payments related to healthcare is somewhat skewed by chronic pain diagnosis and treatment. In many cases, it is difficult to accurately determine which payments relate to chronic pain as opposed to healthcare services provided for reasons other than pain. While payments for healthcare related to chronic pain are expected to continue into the future, they will not continue at the current magnitude. If unadjusted, the current year level of payments inflates the estimate of future payments and therefore overstates claims costs incurred and the liability. While we have attempted to adjust the payments accordingly, we cannot be certain that we have fully compensated for the impact.

New payment patterns are expected to evolve as a result of new initiatives in healthcare that increase costs early in the life cycle of a claim. It is expected that the investment in best practice treatment upfront will yield significant savings in the long term. The payment stream in the coming years will therefore reflect the combined effect of the new approach at early durations and the previous approach at later durations. The result will be a continued upward trend in costs until the cash flow associated with the older claims is a less significant portion of total healthcare payments.

Other risk areas associated with the benefits liability involve the reserve for long-term disability benefits. Recent experience indicates that permanent awards are being implemented sooner than predicted by the historical run off pattern. This experience is consistent with our current focus of reducing short-term durations through more timely resolution of a claim. It is worth noting however that this experience could also be an indicator that we will see a higher number of permanent awards implemented from injury years in the recent past. If this is the case, we can expect upward actuarial adjustments in the coming years, increasing the benefits liability until the number of permanent awards begins to stabilize. The probability and magnitude of such an increase is currently undeterminable.

Unfunded Liability



The WCB's liabilities total $1.4 billion and assets total $1.1 billion, resulting in an unfunded liability of $390 million and accumulated other comprehensive income of $130 million at the end of 2006. The WCB's funding percentage has increased from 75% to 81% as at December 31, 2006.

Since 2004, the WCB recognizes the entire investment gains and losses in the year of occurrence as opposed to smoothing them into income over five years. Recognizing gains and losses in the year in which they occur has introduced a significant amount of volatility to the WCB's financial reporting.

Statement of Operations and Unfunded Liability

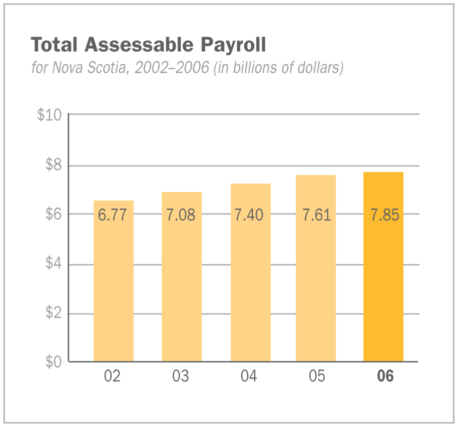
The operating results for 2006 and 2005 may be attributed to the following factors:

($000's)	**2006**	2005
Assessment Revenue in Excess of Current Year Costs	**$ 29,637**	$ 44,292
Investment Income (below) above Liability Requirements	**(47,393)**	2,179
Actuarial Liabilities less (greater) than Previously Anticipated	**7,586**	(20,830)
Excess of (Expenses over Revenues) Revenues over Expenses	**$ (10,170)**	$ 25,641

Revenues

Assessment Revenue

The WCB receives two types of assessment revenue. Most employers pay an insurance premium with rates established based on prior years' experience. The federal and provincial government agencies and departments are self-insured. Rather than paying an insurance premium, they reimburse the WCB for claims costs incurred on their behalf plus an administration fee. Total assessment revenue increased $2.7 million (1.1%) from 2005 levels.



Revenues from registered firms increased $3.5 million (1.7%). This increase is primarily attributed to an increase in assessable payroll of 3.2%. Increases to the payroll base are attributable to compliance initiatives, growth in the economy and an increase in the maximum assessable earnings. The actual average rate of $2.63 remained the same as 2005.

The targeted average assessment rate remained consistent at $2.65 from 2005 to 2006. The actual average assessment rate of $2.63 in 2006 was slightly lower than target. This simply indicates that the mix of payroll amounts submitted by employers in high-rate industries and those submitted by employers in low-rate industries is slightly different than anticipated. While this means our revenues from higher-risk sectors was slightly less than expected, it also means that the risk we have insured for the employers in these sectors is slightly less than expected, with no overall impact on our operating results.

At $2.63, the average assessment rate in Nova Scotia was the second highest average rate in the country and was significantly higher than the national average for 2005 of $2.14. This is due in part to our benefit cost structure and high injury rate and in part due to the surcharge being applied to eliminate the unfunded liability. As discussed below, we are working with stakeholders to reduce our benefit cost structure and we have a funding strategy to eliminate the unfunded liability.

The self-insurers experienced higher claims payments in 2006 primarily relating to chronic pain related benefits, which resulted in higher charges for incurred claims and administration charges billed.

Investment Income

Investment income is derived from interest on short-term investments managed internally and income on the long-term investments managed by external investment managers. The recorded income in 2006 reflects the WCB's accounting policy to record realized gains and losses in investment income included in the Statement of Operations when an investment is sold and to record gains and losses arising from changes in fair market value in other comprehensive income.

Total investment income decreased $45.8 million (48%) from 2005 levels. The decrease is primarily attributed to the significant transition of the investment portfolio in 2005, when we restructured the allocation of assets and changed some of our managers. This transition, coupled with regular portfolio transactions, resulted in the disposal and reinvestment of approximately $750 million of investments, and resulted in $83.4 million in gains, of which $61.7 million were recognized into investment income during the year. Experience in 2005 does not reflect a typical investment trading year. During 2006, regular portfolio transactions resulted in disposal and reinvestment of $166 million of investments, and resulted in $26.7 million in gains, of which $23.1 million was recognized into investment income for the year.

Expenses

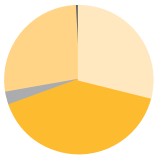
Claims Costs Incurred

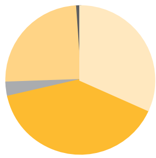
Claims costs incurred are an estimate of the costs related to compensable injuries, which occurred in 2006. These estimates take into account both unreported claims and claims reported but as yet unpaid. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease. The benefits liability does include a provision for future cost of administering existing claims.

Claims costs incurred were $10.5 million (6.9%) higher than 2005. Claims categories with fluctuations included healthcare costs increasing $6.6 million (17.7%); long-term disability costs increasing $5.7 million (9.5%); short-term disability costs decreasing $1.2 million (2.4%); and survivor benefits decreasing $0.5 million (10.0%). Several factors influenced this aggregate result:

Total injuries reported decreased about 6.5% and reported time-loss claims decreased 8.5% from 2005.

Total Claims Costs Incurred
(in thousands)





	2006		2005	
Short-Term Disability	**$47,416**	**29.1%**	$48,590	31.9%
Long-Term Disability	**$65,941**	**40.5%**	$60,235	39.5%
Survivor Benefits	**$4,422**	**2.7%**	$4,912	3.2%
Health Care	**$43,797**	**26.9%**	$37,216	24.4%
Rehabilitation	**$1,366**	**0.8%**	$1,453	1.0%

Healthcare costs continued to increase in 2006. The 17.7% increase can be attributed to increasing cost and utilization of services and the introduction of targeted services designed to reduce durations. The costs associated with assessing chronic pain also put upward pressure on healthcare costs. The overall experience of change in healthcare costs across jurisdictions was mixed in 2005. Some jurisdictions experienced an 11% decrease in healthcare costs while others saw their costs increase by 18%. Nationally healthcare costs increased 4.4%, twice the rate of national inflation rate of 2.2%.

The 9.5% increase in long-term disability costs is primarily related to increases in average benefits and emerging experience with respect to the expected number of permanent awards.

Claims costs incurred for short-term disability has decreased 2.4% in the current year. A 12-day reduction in the overall duration index (9 days excluding chronic pain claims in Transitional Services) has led to significant decreases in payments on current claims. The positive experience with duration in the current year and reduced injury frequency is somewhat offset by the lingering impact of the cash flow patterns for claims in prior years.

Significant advances have been made toward reducing the frequency of time loss injuries in Nova Scotia. This has also contributed to reductions in payments for short-term disability that are expected to continue into 2007. Injury frequency dropped 7% from 2.87 in 2005 to 2.66 in 2006. Injury frequency is measured as time-loss injuries per 100 covered workers.

Survivor costs have decreased by 10% in 2006. This decrease is primarily related to a decrease in the volume of new survivor awards. Claims volume in this area is relatively small resulting in a significant level of volatility year to year.

Non-income rehabilitation costs are the costs other than wage replacement benefits paid to workers in rehabilitation programs, that is, the cost of the programs themselves. These costs have been decreasing over the past few years (6.0% in 2006) with continued decreases in payments in this category. This reflects a shift in emphasis to more short-term, return-to-work focused programs.

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

The growth in present value of benefits liabilities is the increase in the present value of prior years' claims obligations due to an interest amount reflecting the time value of money. In 2006 this amount was $97 million or approximately 7.1% of the benefits liabilities. This amount varies slightly by benefit category as the expected inflation component varies somewhat, but based on the overall expectation for inflation and long term investment returns is usually about 7.5%. The benefits liability is calculated based on historical claims data and experience coupled with assumptions about experience.

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 $7.6 million in 2006 as indicated in Note 7 of the financial statements. Included in the adjustments is $8.3 million relating to the settlement of two former self insured employers' accounts. These liabilities have been added to the benefits liabilities as the WCB received an equivalent cash settlement.

Other experience adjustments year to year are a normal and expected part of the valuation process. Actuarial adjustments increasing the benefits liability are the net effect of changes in experience regarding payment patterns, the expected number of permanent awards and an increase in medical and short term costs as we continue to absorb the impact of prior years' payments. These are offset by decreases to the estimate of pending awards, and gains resulting from a lower than expected consumer price index.

Administrative Cost

Administrative expenditures in 2006 totaled $40.1 million, an increase of $6.1 million (17.9%) from 2005. This is primarily due to an increase in staff complement to provide for the adjudication of chronic pain claims. The increase is attributable to the following:

- Salaries and staff expense increased $4.3 million reflecting adjustments required under the collective agreement, an increase in the employee future benefits expense, and an increase in staffing for the adjudication of chronic pain claims.
- Building operations increased $0.4 million as a result of increased rental space, operational requirements and space for the adjudication of chronic pains claims, and building maintenance.
- Professional, consulting and service fees increased $0.4 million reflecting services utilized for operating and project management requirements in 2006.
- Travel costs increased $0.2 million as more travel was required in relation to the safe and timely return-to-work model and prevention initiatives.
- Other costs decreased $0.4 million reflecting lower spending on communication initiatives.
- A net change of $1.2 million in the liability for future administration costs.

Impairment of Other Assets – QEII Beds

The net book value relating to the exclusive right to utilize beds at the QEII was written off. In 2006, the WCB received information from Capital Health District which limits the WCB's ability to use the unit at the Queen Elizabeth II Health Science Centre. As a result, future value associated with the exclusive right to use the unit no longer exists. This resulted in a write-off of $1.2 million as of December 31, 2006 which has been separately disclosed in the Statement of Operations.

Legislated Obligations

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

The WCB's expenditure for the Occupational Health and Safety Division is set by Order-in-Council and reflects the pro-rata share of Nova Scotia Environment and Labour's expenditure in occupational health and safety. The pro-rata share is based on the ratio of the WCB's covered workforce to the OH&S covered workforce.

Overall, legislated obligations decreased by 4.7% to $8.8 million in 2006.

Excess of Expenses Over Revenues

In 2006, total revenues of $292.3 million, less total expenditures of $302.5 million, yielded excess expenses over revenues of $10.2 million. The excess increases the unfunded liability. The increase was less than expected when the most recent funding strategy was approved in June 2006. The impact of this on future years will be evaluated as discussed in the Funding Strategy section below.

Statement of Cash Flows

Cash decreased $12.0 million in 2006 primarily due to retroactive chronic pain related benefits payments. The cash disbursed in 2006 for benefit payments decreased by $12.8 million over 2005 levels. However, the cash requirements were not fully offset by the cash generated through investments and assessments premiums during 2006. This was anticipated in our cash management strategy.

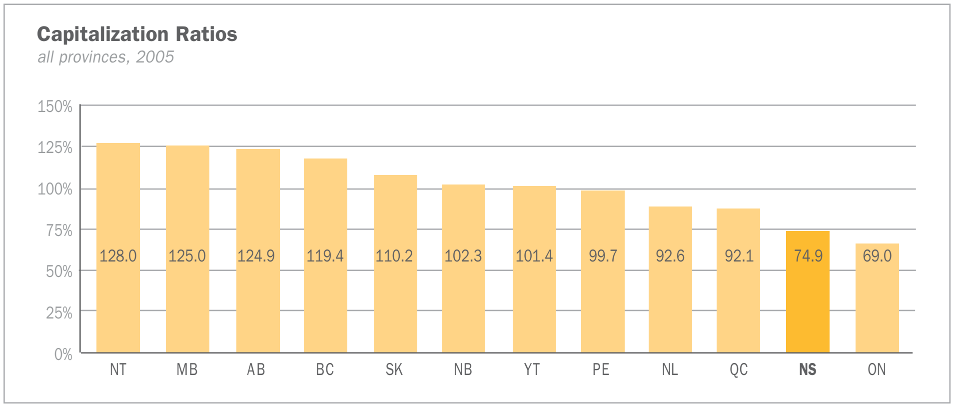
The Funding Strategy

Looking ahead, it is worth noting our experience with adjustments to the Funding Strategy to date. Our financial results in the first twelve years of our Funding Strategy (1995 – 2006) were somewhat better than expected primarily due to increasing assessable payroll coupled with lower than anticipated claims costs incurred during this period, better than expected investment returns, and lower than anticipated inflation.

The WCB's annual revision to the Funding Strategy in June 2006 established the year in which the unfunded liability was expected to be eliminated at 2016. This was based on an expected excess of expenses over revenue for 2006 of $18.3 million. The actual excess of expenses over revenue for 2006 was $10.2 million. This is an $8.1 million lower increase in the unfunded liability than expected in the Funding Strategy. Given the number of variables affecting the funding position, swings can be expected. The variance in 2006 actual results relative to our forecast is not expected to result in a significant change in the Funding Strategy.

The 2006 variances include:
- assessment revenue $3.9 million less than expected,
- investment revenue $7.6 million more than expected,
- claims costs incurred $7.7 million more than expected,
- growth in present value $1.9 million less than expected,
- actuarial experience adjustments $7.6 million less than expected, and
- administration and legislated obligations $2.6 million less than expected.

Even though losses are less than expected, current year results will not lead to a change in the funding period. This is because better than expected performance on investment income is not expected to continue and the positive experience in the area of claims cost has already been factored into our Funding Strategy.



The WCB's funded position has improved but continues to be one of the more poorly funded in Canada.

In 2006, the change in the fair market value of investments was recognized as accumulated other comprehensive income, with an accumulation of $130 million. This accumulation is expected to fluctuate annually depending on market returns earned on the WCB investment portfolio.

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

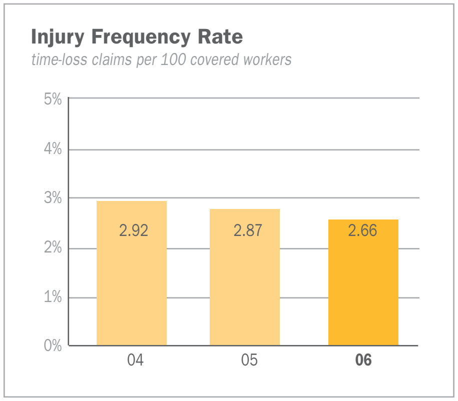
Notes 7 and 16 of the financial statements detail areas of uncertainty, including actuarial experience and chronic pain-related benefits, which might have a significant impact on the WCB's benefits, liabilities and Funding Strategy.

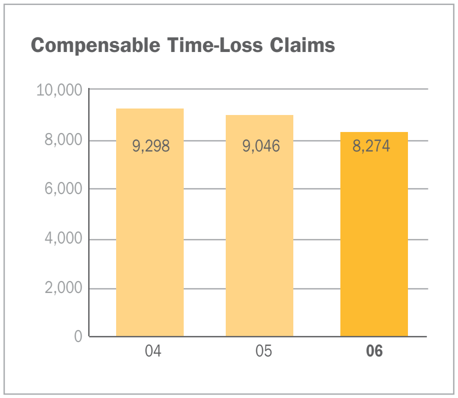
Risk Areas

Given the nature of our operations, the WCB is inherently susceptible to risks that could lead to significant financial consequences if unmitigated. Four key variables that affect the WCB's performance and financial position include: injury rate, benefit costs, investment returns and inflation.

Injury rate

The benefits liability continues to grow, in large part due to Nova Scotia's high injury rate. At the end of 2006, the injury frequency rate was 2.66 time loss injuries per 100 covered workers. The 2005 Canadian average was 2.56 time loss claims per 100 covered workers. Comparing 2006 actual results to the 2005 results of other jurisdictions, Nova Scotia now has the sixth highest injury frequency rate in Canada. We do not cover many lower-risk industries in Nova Scotia, unlike some other provinces. However, our frequency is higher than 2.66 when the impact of the 2/5ths waiting period is considered. The high levels of work-related disability are also reflected in data on disability and health regarding the Nova Scotia adult population in general. The most common types of disability are problems with mobility, agility and pain.





Injury Rate – Impact on Funding Strategy

The injury rate is the most significant driver of benefit costs and the focus of the WCB's attention for risk mitigation. In 2005 we estimated that a decrease in the overall injury rate from 2.87% to 2.30%, all else being equal, translates to an estimated $25 million in savings and 1,800 fewer time loss claims. As of December 31, 2006, the injury frequency rate dropped to 2.66% resulting in a decrease of nearly 800 time-loss claims and expected cost savings of approximately $8 million to be realized over the next several years ($1 million realized to date). The Funding Strategy incorporates the remaining $7 million expected from progress to date along with an additional $17 million expected from continued improvements, over an 11-year period beginning in 2007. If reductions achieved to date are not sustained and the additional $7 million savings are never realized, full funding would require an increase in the average rate. If current reductions are sustained, but the additional $17 million savings and reduction of 1,000 claims are not achieved, the funding period would be extended from 2016 to 2020.

In Nova Scotia, reducing work related disability by reducing workplace injury rates and improving the rate of safe and timely return to work requires addressing socio-economic factors related to workplace safety and return to work. These factors include attitudes and behaviours – on the part of employers, workers, healthcare providers and the public at large – regarding the prevention of workplace injury and the importance of safe and timely return to work following a workplace injury. The goal is to improve health outcomes for injured workers and to reduce the cost structure by reducing the number of claims – not just to slow the rate of cost increases.

The WCB in Nova Scotia has several initiatives underway to address these issues:

- A new Priority Employer Program to help employers that have a greater opportunity to improve their safety and/or return-to-work record develop or improve their occupational health and safety and return-to-work programs.
- A new incentive program including modifications to our experience rating and rate setting to encourage employers to take more proactive steps toward improving their safety and return-to-work performance.
- New ways of supporting businesses as they make their workplaces safer by making WCB information more accessible. In spring 2006, the WCB launched an online service called MyAccount that helps businesses manage their accounts more efficiently, use WCB data to make their operations safer and improve safe and timely return to work.
- New social marketing programs to make Nova Scotians more aware of the importance of working safely.

Benefit costs

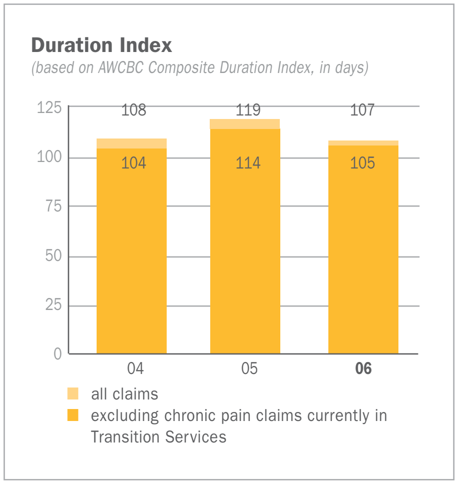
Benefits costs are impacted by many variables, including changes to the *Workers' Compensation Act*, appeal decisions and court decisions which can expand coverage, the number and severity of injuries, and the effectiveness of claims management.

In Nova Scotia, workers stay on short-term benefits longer than in many other provinces and more workers go on to receive permanent impairment benefits. In 2005, Nova Scotia had the highest composite duration in the country. The WCB's early intervention and return to work philosophy is anticipated to reduce claims costs incurred over time by shortening durations by assisting injured workers to return to work on a safe and timely basis and reducing the number of workers going on to long-term disability. During 2006, the WCB focused efforts on:

- A new physiotherapy treatment protocol launched late in 2005 specifically for soft tissue injuries – the #1 injury type in Nova Scotia. This new treatment protocol will improve the quality of care of injured workers and engage the injured worker, the employer, and the physiotherapist in developing a safe and timely return to work plan in the days following a workplace injury. This has reduced claims durations, and is expected to prevent the onset of chronic pain and increase the number of workers who return to work.
- Other initiatives involving the healthcare sector including a joint educational session for physicians, psychologists and physiotherapists on the treatment of low back pain and collecting better data on medical aid payments to understand the costs and effectiveness of healthcare interventions. We also concluded a new agreement with Doctors Nova Scotia in 2006 establishing joint expectations for care.
- Continued investigation of the possibility of accessing expedited diagnostic and surgical services to enable injured workers to recover more quickly facilitating a safe and timely return to the workforce after an injury.
- Reviewing and modifying our own internal claims management procedures to focus on assisting injured workers and their employers with a safe and timely return to work.

Claims Duration – Impact on Funding Strategy

A significant reduction in annual claims costs could generate financial gains in the system that could be used to reduce assessment rates, increase benefits or a combination of both. In 2006, the duration index decreased 12-days (9-days excluding chronic pain claims) to 107 days (105 days excluding chronic pain claims). This resulted in savings of $5 million, of which approximately $2 million



was realized in 2006. The remaining $3 million along with an additional $7 million in savings are expected to be realized over the next six years if current improvements are sustained and an additional 11-day reduction is achieved. If current progress does not continue and no further improvements are achieved, the funding period would be extended to 2021. If current progress is sustained, but no further improvements are achieved, the funding period would be extended by two years to 2018.

Investment returns

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 policy is designed so the portfolio will match and meet the long-term liabilities of the WCB.

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

The funding strategy has a real rate of return assumption of 3.5%. Analysis indicates that 3.5% is a realistic real rate of return based on 5-year running averages, 30-year running averages and 75-year running averages. The real rate of return coupled with our long term CPI assumption of 4%, yields a nominal rate of 7.5%. In early 2006, we contracted an external consultant to determine the expected return of our benchmark portfolio over the next ten years in order to assess the reasonableness of our assumption with respect to long-term investment returns. The analysis suggested a 77% probability that long-term returns will fall within plus or minus 2% of the range assumed over the estimated funding period. Even though 2006 investment returns are ahead of plan, the analysis suggests that our long-term assumption in this area is reasonable.

Inflation

The benefits liabilities of the WCB are partially indexed to the Consumer Price Index on an annual basis. Payments to benefit recipients are increased by one-half of the Nova Scotia Consumer Price Index at the beginning of each calendar year. An increase in indexing from 50% of CPI to 60% of CPI would increase liabilities an estimated 2.5% or $34.0 million. Incurred costs would also increase by 1.4% or $2.3 million annually.

Significant fluctuations in CPI represent a risk to the WCB. While CPI has been fairly low in recent years, the risk exists that CPI may rise due to unforeseen economic developments.

Critical Accounting Policies and Estimates

The WCB has adopted accounting policies in accordance with Canadian generally accepted accounting principles (GAAP). GAAP requires that management make significant assumptions and estimates. The following discussion outlines the WCB's significant accounting policies and estimates, which have a material impact on the financial statements.

Assessment Rates

On an annual basis, funding requirements are projected for the many years covered by the funding strategy. The WCB determines the amount of premiums, the average premium rate necessary to cover estimated claims costs, administrative expenditures, legislated obligations and a charge to cover the amortization of the unfunded liability. As these rates are set well in advance of the start of the year, there is the potential that the revenues will not be sufficient to cover costs in that year.

Investments

Assets are accounted for at fair value as at the reporting date. Fixed income, equities and real estate pooled funds are valued based on publicly traded market prices. The WCB has designated its portfolio as “available for sale”. The WCB may be able to minimize investment income volatility by deferring recognition of unrealized gains and losses through the use of other comprehensive income with the classification of investments as available for sale.

Actuarial Valuation of the Benefits Liabilities

Measurement uncertainty associated with the actuarial valuation is high because of the amount, timing, and duration of the benefits. Selection of the appropriate discount rate is subjective and is affected by external factors, factors which management cannot control. Actual results may vary from the actuarial valuation and the variations could be material.

The benefits liabilities determined in the report are estimated by using many actuarial assumptions. The two most significant assumptions are the long-term discount rate and the long-term inflation rate. The liability estimates are highly sensitive to small changes in these assumptions. The following table provides examples of their sensitivity.

Sensitivity of Valuation Assumptions

Assumption Change	Impact	Liabilities	Incurred Claims
Decrease Discount Rate 0.5%	Increase	$49.2million (3.6%)	$3.9 million (2.4%)
Decrease Inflation Rate 0.5%	Decrease	$29.1 million (2.1%)	$2.5 million (1.5%)
Decrease Discount Rate and Increase Inflation Rate 0.5%	Increase	$82.6 million (6.1%)	$6.7million (4.1%)
Increase Health Care Inflation Rate 1.0%	Increase	$20.5 million (1.5%)	$2.0 million (1.2%)

Outlook

The Workers’ Compensation Review Committee Report (Dorsey Report, 2002) and the Supreme Court of Canada decision on chronic pain related benefits (October, 2003) and other potential policy changes continue to be considered by stakeholders in the Workplace Safety and Insurance System, Government and the Board of Directors of the WCB. We are not able to assess the impact, if any, of changes that might flow from legislative amendments in response to the Dorsey Report or other potential policy changes on the WCB’s Funding Strategy. Regulations were passed in July 2004 and policies were passed in September 2004 reflecting the Supreme Court of Canada decision. The estimated liability for chronic pain related benefits is discussed above and has been factored into 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.

As previously described, we have a small gain from the annual target in 2006. The WCB Board of Directors will revisit the Funding Strategy as part of the annual budget process in June 2007. On an ongoing basis, the WCB consults stakeholders with respect to the appropriate balance between the level of benefits, rates charged to employers and the WCB's funding position. We anticipate stakeholder input will be reflected in the Funding Strategy to be adopted in June 2007.

It is important to realize that while our financial position has improved over the last twelve years, there are many years remaining to achieve our overall goal of financial stability and full funding. As we have noted, there is a combination of key variables that have an impact on funding: injury rates, benefit costs, investment returns and inflation.

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.

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

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

“I am helping to make change happen! The employers I’ve helped are seeing fewer injuries in their workplaces, which means they have more resources to grow the economy.”

Robert MacDonald, Prevention Consultant, WCB

Auditors' Report

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

We have audited the statement of financial position as at December 31, 2006 and the statements of operations, unfunded liability, comprehensive income, changes in accumulated other comprehensive income and cash flows of the Workers' Compensation Board of Nova Scotia (the "WCB") for the year then ended. These financial statements are the responsibility of the WCB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Halifax, Nova Scotia
February 28, 2007

Ernst & Young, LLP
Chartered Accountants

Statement of Financial Position

as at December 31 (thousands of dollars)

	2006	2005
ASSETS		
Cash and cash equivalents (Note 12)	**$ 2,522**	$ 14,482
Receivables (Note 3)	**21,689**	21,641
Investments (Note 4)	**1,091,177**	956,307
Property, equipment and other assets (Note 5)	**7,683**	10,064
	$ 1,123,071	$ 1,002,494
LIABILITIES AND UNFUNDED LIABILITY		
Payables and accruals	**$ 19,389**	$ 14,083
Employee future benefits (Notes 6 and 15)	**6,929**	5,784
Benefits liabilities (Note 7)	**1,356,820**	1,318,255
	1,383,138	1,338,122
Accumulated other comprehensive income	**129,963**	44,232
Unfunded liability	**(390,030)**	(379,860)
	(260,067)	(335,628)
	$ 1,123,071	$ 1,002,494

Commitments (Note 14)
Contingencies (Note 16)

Approved on behalf of the Board of Directors:

H. Ramsay Duff
Acting Chair

James Melvin
Chair, Audit and Finance Committee

Statement of Operations and Unfunded Liability

year ended December 31 (thousands of dollars)

	2006	2005
Revenue		
Assessments (Notes 8 and 12)	**$ 242,733**	$ 239,958
Net investment income (Notes 4 and 12)	**49,571**	95,332
	292,304	335,290
Expenses		
Claims costs incurred (Notes 7 and 12)	**162,942**	152,405
Growth in present value of benefits liabilities and actuarial experience adjustments (Note 7)	**89,378**	113,983
Administration costs (Notes 9 and 12)	**40,115**	34,028
Legislated obligations (Note 10)	**8,801**	9,233
Impairment charge on other assets (Note 5a)	**1,238**	-
	302,474	309,649
Excess of (expenses over revenues) revenues over expenses applied to (increase) reduce the unfunded liability	**(10,170)**	25,641
Unfunded liability, beginning of year	**(379,860)**	(405,501)
Unfunded liability, end of year	**$ (390,030)**	$ (379,860)

Statement of Comprehensive Income

year ended December 31 (thousands of dollars)

	2006	2005
Excess of (expenses over revenues) revenues over expenses	$ (10,170)	$ 25,641
Other comprehensive income		
Unrealized gains on available-for-sale financial assets arising during the year	108,823	58,348
Reclassification of realized gains to the statement of operations	(23,092)	(61,691)
Net change in other comprehensive income for the year	85,731	(3,343)
Total comprehensive income	$ 75,561	$ 22,298

Statement of Changes in Accumulated Other Comprehensive Income

year ended December 31 (thousands of dollars)

	2006	2005
Accumulated other comprehensive income, beginning of year	$ 44,232	$ 47,575
Net change in other comprehensive income for the year	85,731	(3,343)
Accumulated other comprehensive income, end of year	$ 129,963	$ 44,232

Statement of Cash Flows

year ended December 31 (thousands of dollars)

	2006	2005
Operating Activities		
Cash received from:		
Employers, for assessments	$ 243,828	$ 235,925
Net investment income	49,606	95,358
	293,434	331,283
Cash paid to:		
Claimants or third parties on their behalf	(208,796)	(221,543)
Suppliers, for administrative and other goods and services	(46,173)	(43,380)
	(254,969)	(264,923)
Net cash provided by operating activities	38,465	66,360
Investing Activities		
Increase in investments, net	(49,138)	(83,370)
Cash paid for:		
Purchases of equipment	(1,287)	(2,511)
Net cash used in investing activities	(50,425)	(85,881)
Net (decrease) increase in cash and cash equivalents	(11,960)	19,521
Cash and cash equivalents, beginning of year	14,482	34,003
Cash and cash equivalents, end of year	$ 2,522	$ 14,482

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

Notes to the Financial Statements *year ended December 31 (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. Pursuant to the *Act*, the WCB strives to prevent workplace injury, but when it occurs, supports injured workers and their employers to achieve an early and safe return to work; administering the payment of benefits to injured workers; levy and collect assessment revenues from established classes of employers in amounts sufficient to cover the costs of claims and administration; and investing funds held for future benefit payments.

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

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles, within the framework of the following accounting policies:

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

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

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

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

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

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

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

g) **Benefits Liabilities.** An independent actuary completes a valuation of the benefits liabilities of the WCB at each year end. The benefits liabilities represent the actuarial present value of all future benefits payments expected to be made for injuries which occurred in the current fiscal year or in any prior year. The benefits liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims and for future costs of administering existing claims. Changes to the benefits liability arising from growth in present value, changes in actuarial assumptions and actuarial experience adjustments are recognized in expense annually based on the year end actuarial valuation. No provision has been made for future claims related to occupational disease.

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

i) **Use of Estimates.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, in particular, benefits liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ materially from those estimates. Decisions of the WCB may be appealed to the Workers' Compensation Appeals Tribunal, subsequently to the Nova Scotia Court of Appeal, and finally, to the Supreme Court of Canada. Rulings by these bodies may have the potential to impact benefits liabilities.

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

   The WCB's accounts receivable are not subject to significant concentration of credit risk because the accounts are owed by a large number of employers, the Province of Nova Scotia and the Government of Canada on normal credit terms. At December 31, 2006 and 2005, the WCB did not have any exposure relating to derivative instruments.

k) **Comparative Figures.** Certain 2005 comparative figures have been reclassified to conform with the 2006 presentation.

3. RECEIVABLES	2006	2005
Assessments	**$ 16,578**	$ 17,565
Self-insured employers	**3,984**	6,163
Assessments receivable	**20,562**	23,728
Self-insured employers – deposits	**(3,962)**	(3,987)
Harmonized Sales Tax rebate	**436**	329
Other	**4,653**	1,571
	$ 21,689	$ 21,641

Assessments receivable are net of an allowance for doubtful accounts of $1,165 in 2006 (2005 - $1,441). Other receivables are net of an allowance for doubtful accounts of $541 in 2006 (2005 - $325).

4. INVESTMENTS

	2006 Fair Market Value	2005 Fair Market Value
Money market	**$ 7,808**	$ 4,291
Fixed-term investments	**309,717**	283,726
Equities	**659,024**	570,306
Real estate	**114,088**	97,354
Accrued interest	**540**	630
Total	**$1,091,177**	$ 956,307

	2006	2005
Investment Income		
Interest and dividends	**$ 29,508**	$34,811
Realized gains from the statement of comprehensive income	**23,092**	61,691
	52,600	96,502
Less: Portfolio management expenses	**(3,029)**	(1,170)
Total investment income	**$ 49,571**	$ 95,332

5. PROPERTY, EQUIPMENT AND OTHER ASSETS

	Cost	2006 Accumulated Amortization	Net Book Value
Land	**$ 155**	**$ -**	**$ 155**
Building	**3,527**	**1,930**	**1,597**
Furniture and facilities	**3,605**	**1,631**	**1,974**
Equipment and computer hardware	**2,460**	**1,179**	**1,281**
Software and process development costs	**12,018**	**9,342**	**2,676**
Other assets (a)	**-**	**-**	**-**
	$21,765	**$14,082**	**$ 7,683**

	Cost	2005 Accumulated Amortization	Net Book Value
Land	$ 155	$ -	$ 155
Building	3,461	1,790	1,671
Furniture and facilities	3,367	1,299	2,068
Equipment and computer hardware	2,259	1,030	1,229
Software and process development costs	14,745	11,154	3,591
Other assets (a)	3,750	2,400	1,350
	$27,737	$17,673	$10,064

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

In 2006, the WCB received information from Capital Health District which limits the WCB's ability to use the unit at the Queen Elizabeth II Health Science Centre. As a result, future value associated with the exclusive right to use the unit no longer exists and the unamortized balance of $1,238 was written off.

6. EMPLOYEE FUTURE BENEFITS

The WCB provides for employee future benefits other than pensions (Note 15) consisting of retirement allowances, post-employment life insurance, dental and medical programs. An actuarial valuation was performed as at December 31, 2003, with the next planned valuation to be performed at December 31, 2009.

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

	2006	2005
Discount rate, benefits expense for year	**5.0%**	6.25%
Discount rate, accrued benefit obligation	**5.25%**	6.25%
Expected healthcare costs trend rate; decreasing annually by 1% increments to an ultimate rate of 5%	**7%**	9%
Drug claim increases trend rate; decreasing annually by 1% increments to an ultimate rate of 6%	**9%**	11%
Dental cost escalation	**3.5%**	3.5%
Retirement age assumption	**59 years**	59 years

	2006	2005
Accrued Benefit Obligation		
Beginning of year	**$6,992**	$6,201
Current service costs	**772**	494
Interest costs	**469**	373
Benefits paid	**(246)**	(76)
Actuarial loss (a)	**1,134**	-
End of year	**$9,121**	$6,992
Funded Status		
Plan deficit	**$9,121**	$6,992
Unamortized net actuarial loss	**(2,192)**	(1,208)
Accrued employee future benefits liability	**$6,929**	$5,784
Net Benefit Expense		
Current service costs	**$772**	$494
Interest costs	**469**	373
Amortization of net actuarial loss	**150**	54
Net employee future benefits expense	**$1,391**	$921

a) A change was made in the actuarial assumptions decreasing the discount rate from 6.25% to 5.25% since the December 31, 2003 valuation.

7. BENEFITS LIABILITIES

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Subtotal	Claims Administration	Total 2006
Balance, beginning of year	**$ 78,844**	**$ 859,916**	**$ 127,338**	**$ 169,264**	**$ 7,487**	**$1,242,849**	**$ 75,406**	**$1,318,255**
Growth in present value of benefits liabilities	**5,799**	**63,476**	**9,182**	**12,399**	**560**	**91,416**	**5,548**	**96,964**
Actuarial experience adjustments (b)	**10,060**	**(21,333)**	**(1,086)**	**7,629**	**(1,579)**	**(6,309)**	**(1,277)**	**(7,586)**
Total growth	**15,859**	**42,143**	**8,096**	**20,028**	**(1,019)**	**85,107**	**4,271**	**89,378**
Claims costs incurred	**47,416**	**65,941**	**4,422**	**43,797**	**1,366**	**162,942**	**7,849**	**170,791**
Less: Claims payments made	**(50,456)**	**(93,074)**	**(14,242)**	**(51,695)**	**(1,412)**	**(210,879)**	**(10,725)**	**(221,604)**
Balance, end of year	**$ 91,663**	**$ 874,926**	**$ 125,614**	**$ 181,394**	**$ 6,422**	**$1,280,019**	**$ 76,801**	**$1,356,820**

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Subtotal	Claims Administration	Total 2005
Balance, beginning of year	$ 66,421	$ 845,523	$ 127,401	$ 158,621	$ 8,802	$1,206,768	$ 72,871	$1,279,639
Growth in present value of benefits liabilities	4,754	61,496	9,213	11,721	656	87,840	5,313	93,153
Change in actuarial assumptions (a)	-	10,721	91	-	-	10,812	789	11,601
Actuarial experience adjustments (b)	13,833	(6,634)	(248)	3,623	(1,852)	8,722	507	9,229
Total growth	18,587	65,583	9,056	15,344	(1,196)	107,374	6,609	113,983
Claims costs incurred	48,590	60,235	4,911	37,216	1,453	152,405	7,338	159,743
Less: Claims payments made	(54,754)	(111,425)	(14,030)	(41,917)	(1,572)	(223,698)	(11,412)	(235,110)
Balance, end of year	$ 78,844	$ 859,916	$ 127,338	$ 169,264	$ 7,487	$1,242,849	$ 75,406	$1,318,255

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

2006 and 2005 Category	Inflation Formula	Resulting Inflation Rate	Resulting Net Interest Rate
Supplementary Benefits	0.5% + CPI	4.5%	3.0%
LTD, Survivor Pensions	50% * CPI	2.0%	5.5%
Medical Aid, Rehabilitation non-income	1.75% + CPI	5.75%	1.75%
All others	CPI	4.0%	3.5%

The WCB's independent actuaries, in their report of February 13, 2007, have noted that limited claims experience is available in respect of earnings-loss benefits to be granted in the future upon aggregate benefits liabilities, as the earnings-loss system was only introduced in 1995. The portion of the WCB's recorded benefits liabilities for benefits to be granted in the future is $301,000.

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

a) In 2006, there were no changes in actuarial assumptions.

   In 2005, a change was made in the actuarial assumptions increasing the benefits liabilities by $11,601, reflecting changes to the expected average age at injury date.

b) Actuarial experience adjustments represent the difference between what was predicted based on the actuarial assumptions and methods used in the prior valuation and what actually occurred in the year. In 2006, actuarial experience adjustments decreasing benefits liabilities totalled $7,586. The adjustments included:
   - An increase of $12,116 reflecting revised estimates for medical and short-term payments.
   - An increase of $8,256 based on assuming liabilities from settlement of two former self-insured employers' accounts.
   - A decrease of $21,505 reflecting lower estimates for pending awards.
   - A decrease of $9,116 reflecting lower than expected inflation.
   - A decrease of $7,420 reflecting fewer survivor benefits than expected.
   - Other non-specified experience adjustments increasing benefits liabilities by $10,083.

In 2005, actuarial experience adjustments increasing benefits liabilities totaled $9,229. The adjustments included:
- An increase of $9,071 reflecting changes in average payments.
- A decrease of $41,082 reflecting a change in the expected volume of future permanent awards.
- An increased of $25,122 reflecting revised estimates for chronic pain related benefits.
- Other non-specific experience adjustments increasing benefits liabilities by $16,118.

8. ASSESSMENTS

	2006	2005
Assessed employers	**$203,795**	$200,102
Self-insured employers (Note 11)	**37,606**	38,355
Assessment reporting penalties and interest	**1,332**	1,501
	$242,733	$239,958

Assessment revenue is shown net of bad debt expense of $262 in 2006 (2005 - $289).

9. ADMINISTRATION COSTS

	2006	2005
Salaries and staff expense	**$ 31,090**	$ 26,782
Amortization	**2,428**	2,470
Building operations	**2,126**	1,729
Services contracted	**1,753**	1,732
Communications	**1,466**	1,788
Professional, consulting and service fees	**1,406**	1,055
Supplies	**1,059**	1,072
Travel and accommodations	**968**	733
Training and development	**641**	688
Equipment rental	**49**	36
Miscellaneous	**5**	17
	$ 42,991	$ 38,102
Decrease in liability for future administration costs	**(2,876)**	(4,074)
	$ 40,115	$ 34,028

10. LEGISLATED OBLIGATIONS

	2006	2005
Occupational Health and Safety	**$ 5,133**	$ 5,711
Workers' Advisers Program	**2,008**	2,027
Workers' Compensation Appeals Tribunal	**1,497**	1,361
Injured Workers' Associations	**163**	134
	$ 8,801	$ 9,233

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

The Workers' 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 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.

Injured Workers' Associations provide advice and assistance to workers on workers' compensation issues. The WCB is required by the *Act* to provide funding to injured workers' associations on such terms and conditions as the Minister of the Nova Scotia Environment and Labour deems appropriate, or the Governor in Council prescribes.

11. SELF-INSURED EMPLOYERS

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

	2006	2005
Revenue	**$ 37,606**	$ 38,355
Claims payments made		
Short-term disability	**$ 3,740**	$ 4,264
Long-term disability	**19,251**	21,066
Survivor benefits	**3,104**	3,054
Health care	**5,960**	4,850
Rehabilitation	**73**	120
	32,128	33,354
Administration costs	**5,478**	5,001
	$ 37,606	$ 38,355

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.

12. RELATED PARTY TRANSACTIONS

The WCB provides self-insured coverage to provincial government agencies and departments. The Province, as a self-insured employer, reimburses the WCB for its own incurred claims and a share of WCB administration costs. The amounts included in Note 11 for the Province of Nova Scotia are as follows:

	2006	2005
Revenue	**$ 4,862**	$ 5,498
Claims payments made	**$ 3,884**	$ 4,669
Administration costs	**978**	829
	$ 4,862	$ 5,489

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The balances due from the Province of Nova Scotia are non-interest bearing and under normal credit terms. At December 31, 2006, the amount receivable from the Province of Nova Scotia was $718 (2005 - $1,292) for claims payments made and claims costs incurred.

The WCB invests short-term funds in promissory notes of the Province of Nova Scotia. Interest earned on these investments totaled $148 in 2006 (2005 - $684). There were no funds invested in notes due from the Province as at December 31, 2006 (2005 - $10,000 bearing an average interest rate of 3.22%).

13. INDUSTRY LEVIES

As a result of Orders-in-Council, the WCB has levied a surcharge against the industries listed below to fund a portion of the operating costs of health and safety 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	2006	2005
Construction	Nova Scotia Construction Safety Association	**$794**	$871
Forestry	Forestry Safety Society	**$215**	$283
Trucking	Nova Scotia Trucking Safety Association	**$244**	$231
Retail Gasoline	Retail Gasoline Dealers' Association	**$ 21**	$ 21

14. COMMITMENTS

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

2007	$ 1,388
2008	1,336
2009	1,096
2010	244
2011	$ 4,064

15. EMPLOYEE PENSION PLAN

Employees of the WCB participate in the Public Service Superannuation Fund (the "Plan"), a contributory defined benefit pension plan administered by the Province of Nova Scotia, which provides pension benefits based on length of service and earnings. Contributions to the plan are required by both employees and the WCB. Total WCB employer contributions for 2006 were $1,723 (2005 - $1,502) and are recognized as an expense in the period. The WCB is not obligated for any unfunded liability, nor does the WCB have entitlement to any surplus that may arise in this Plan.

16. CONTINGENCIES

On October 3, 2003, the Supreme Court of Canada found that certain sections of the *Workers' Compensation Act*, relating to compensation for chronic pain were unconstitutional. The Supreme Court further ruled that the unconstitutional sections of the Act and policies relating to chronic pain benefits were to be of no force and effect by April 3, 2004. It was expected that the changes associated with the regulations and policies would result in costs that will increase the benefits liability. From 2004 through 2006, the WCB began adjudicating claims under the new regulations and policies. Throughout 2005 and 2006, the WCB has received appeals relating to the new regulations and policies. Unresolved issues surrounding these appeals have the potential to increase benefits liabilities relating to chronic pain benefits. The probability and magnitude of such an increase are currently undeterminable.

WCB Salaries and Benefits *December 31, 2006*

	2006						2005	
	Number of Individuals	**Salary**	**Benefits**	**Other**	**Total**		Number of Individuals	Total
Chair, Board of Directors	**1**	**$ 28,993**	**$ -**	**$ -**	**$ 28,993**		1	$ 45,650
Acting Chair		**13,267**	**-**	**-**	**13,267**		-	
Board of Directors	**9**	**97,643**	**-**	**-**	**97,643**		12	85,833
	10	**139,903**	**-**	**-**	**139,903**	[1]	13	131,483
Chief Executive Officer	**1**	**157,742**	**16,791**	**14,552**	**189,085**		1	187,468
VP Operations & Service Delivery (Vacant January 1 to May 17, 2005)	**1**	**124,783**	**13,752**	**6,234**	**144,769**		1	87,057
VP Corporate Services & Chief Financial Officer	**1**	**112,273**	**14,121**	**4,193**	**130,587**		1	127,595
VP Prevention, Corporate Development & IT	**1**	**112,273**	**14,121**	**10,051**	**136,445**		1	137,676
VP Marketing, Communications & Human Resources	**1**	**112,273**	**14,121**	**3,981**	**130,375**		1	134,358
	5	**619,344**	**72,905**	**39,012**	**731,261**		5	674,154
Staff Salaries & Benefits (Average 2006 - $59,810, 2005 - $54,389)	**482**	**24,468,358**	**4,259,094**	**123,875**	**28,851,327**		461	25,073,548
Employee future benefits	**-**	**-**	**-**	**1,390,600**	**1,390,600**			921,100
Administration - Salaries & Benefits	**497**	**$25,227,605**	**$4,331,999**	**$1,553,487**	**$31,113,091**	[2&3]	479	$26,800,285

[1] The Chair's remuneration was based on a daily per diem allowance of $300 in addition to an honorarium of $20,000 annually to a maximum of $50,000 per year. The Chair resigned effective August 31, 2006. The Deputy Chair was appointed as Acting Chair effective September 1, 2006. Effective July 29, 2005, all other Board members received a daily per diem allowance of $300 (previously $150) for Board meetings and related work. In addition to the per diem, the Deputy Chair received an honorarium of $3,000 per annum (January 1 to August 31, 2006) and effective July 29, 2005, Committee Chairs received an honorarium of $2,000 per annum.

During 2006, there were 10 individuals that received remuneration. During 2005, there were 13 individuals who received remuneration as a member of the Board of Directors. The Board of Director complement did not exceed 10 positions at any point in time.

[2] Salary includes regular base pay. Benefits include the employer's share of employee benefits — CPP, EI, pension plan, health/dental plan, life insurance and long-term disability. Other includes Vacation Payout and Travel Allowance. Total Salaries and Benefits in 2006 of $31,113,091 (2005 - $26,800,285) varies by $23,380 (2005 - $18,661) from Note 9 in the Financial Statements due to Travel Allowances disclosed in "Other", which is posted to Travel and Accommodations in Note 9.

[3] 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, 2006, for the purpose of providing input to the Financial Statements of the Board.

Our estimate of the benefits liabilities of $1,356,820,000 represents the actuarial present value at December 31, 2006, of all expected health-care payments, short-term disability benefits, long-term disability benefits, survivor benefits, rehabilitation and other payments which will be made in future years, and which relate to claims arising from events which occurred on or before December 31, 2006. The liabilities include a provision of $71,961,000 for chronic pain claims that have not yet been processed. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease.

No allowance has been made in these liabilities for any future deviations from the present policies and practices of the Board or for the extension of new coverage types.

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

All liabilities have been calculated using underlying assumptions of 3.50% 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, 2005.

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

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

The liabilities in respect of short-term disability, health care, rehabilitation and the nonpermanent portion of survivor benefits have been determined from projections of future claim payments. These projections have been based on continuation of recent payment patterns by years since the accident. An inflation rate of 4.0% per annum has been used to project future cash flows for short-term disability claims and the non-permanent portion of survivors' benefits. For health care and non-income rehabilitation benefits, we used an inflation rate of 5.75% per annum reflecting the greater expected inflation and utilization rate on these items.

We have reviewed the valuation data to test for reasonableness and consistency with the data used in prior years. The liability established for permanent awards to be granted in the future is $301 million (about 22% of all liabilities). It is our opinion that the data are sufficient and reliable for the purpose of this valuation.

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

Paul Conrad

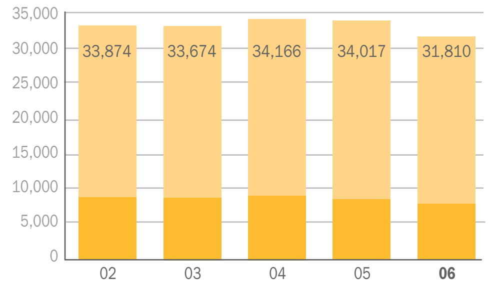
Paul G. Conrad, FCIA, FSA, MAAA
Eckler Ltd.

2006 Statistical Summary

In 2006:

- The total number of claims registered decreased by 6.5% from 34,017 in 2005 to 31,810 in 2006.
- The total number of time-loss claims in 2006 is 8,274. This represents a decrease of 8.5% from the 2005 total of 9,046.
- ‘Sprains and strains’ were by far the most common type of time-loss injury, with the back being the most common part of body injured.
- The average duration of time-loss claims decreased 7.4%, from 113.7 days to 105.3 days in 2006 (excluding chronic pain claims in Transition Services).
- Total assessable payroll has increased steadily since 2001. The current figure is $7.85 billion, a 21.7% increase from the 2001 figure of $6.45 billion.
- Nova Scotia’s targeted average assessment rate of $2.65 per $100 of payroll was second highest among the 12 Canadian WCBs. The actual rate was $2.63 per $100 of payroll as of February 28, 2007.
- The capitalization ratio increased from 74.9% in 2005 to 81.2% in 2006. The capitalization ratio is the WCB’s total assets divided by its total liabilities.

Status of New Claims



	02	03	04	05	06
Compensable Time-Loss Claims	8,769	8,996	9,298	9,046	8,274
Other:					
No Compensable Time Loss	20,846	19,684	18,339	17,966	17,491
Not Pursued or Disallowed	4,259	4,994	6,529	7,005	6,045
Other Subtotal	25,105	24,678	24,868	24,971	23,536
Total	33,874	33,674	34,166	34,017	31,810
Fatalities	28	22	27	23	22
Clients with Registered Claims	29,449	29,395	29,776	29,686	27,887

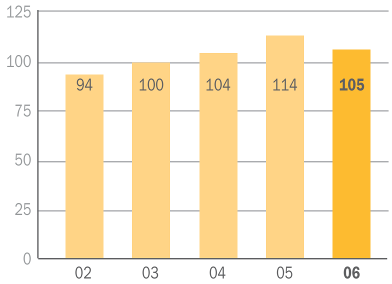
Claims represented are those registered during the report year. Time-loss claims are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

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

Fatalities include all workplace injuries that resulted in the death of a worker, as reported by the OH&S Division of Nova Scotia Environment and Labour. Not all of these deaths resulted in a WCB claim, as not all workers require coverage.

Average Duration of Short-Term Disability Claims

using AWCBC Composite Method, excluding chronic pain claims in Transition Services



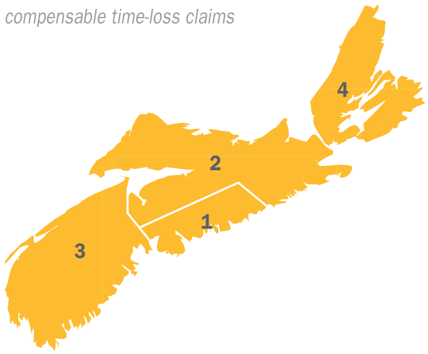
Gender of Client

compensable time-loss claims

	2005	%	**2006**	**%**
Male	5,511	60.9%	**4,936**	**59.7%**
Female	3,535	39.1%	**3,338**	**40.3%**
Total	9,046	100.0%	**8,274**	**100.0%**

Injuries by Service Region

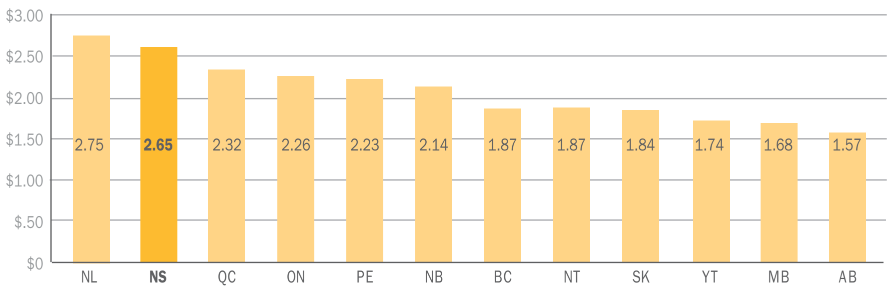
compensable time-loss claims



	2005	%	**2006**	%
1 Halifax Service Unit	3,651	40.3%	3,404	41.1%
2 Central/North Shore Service Unit	1,989	22.0%	1,804	21.8%
3 South Shore/ Valley Service Unit	1,936	21.4%	1,763	21.3%
4 Cape Breton Service Unit	1,409	15.6%	1,257	15.2%
Other	61	0.7%	46	0.6%
	9,046	100.0%	8,274	100.0%

Targeted Average Assessment Rate

all provinces, per $100 of assessable payroll, 2006



Assessable Payroll by Industry

for Nova Scotia, 2006

	Assessable Payroll ($ millions)	% of Total Assessable Payroll	Number of Claims Registered	% of Claims Registered (Non Self Insured)
Manufacturing	$1,255.5	16.0%	5,976	20.0%
Health/Social services	1,343.4	17.1%	5,692	19.1%
Retail trade	1,019.4	13.0%	3,498	11.7%
Construction	753.6	9.6%	2,862	9.6%
Wholesale trade	649.5	8.3%	1,739	5.8%
Transportation/ Storage	444.1	5.7%	1,445	4.9%
Government services	436.0	5.5%	1,297	4.4%
Accommodation/ Food/Beverage	411.7	5.2%	2,138	7.2%
Business services	413.9	5.3%	681	2.3%
Communications/ Utilities	308.6	3.9%	644	2.2%
Other services	278.8	3.6%	1,012	3.4%
Fishing/Trapping	178.1	2.3%	565	1.9%
Mining/Quarries/ Oil wells	88.5	1.1%	172	0.6%
Real estate/ Insurance agents	81.2	1.0%	181	0.6%
Educational services	60.9	0.8%	65	0.2%
Logging/Forestry	48.7	0.6%	213	0.7%
Agriculture/ Related services	50.4	0.6%	206	0.7%
Finance/Insurance	29.4	0.4%	23	0.1%
Unknown	0.0	0.0%	1,380	4.6%
Total	**$7,851.6**	**100.0%**	**29,789**	**100.0%**

Age at Injury Date

compensable time-loss claims

	2005	%	**2006**	%
Less than 20	229	2.5%	**176**	**2.1%**
20 to 24	766	8.5%	**697**	**8.4%**
25 to 29	799	8.8%	**687**	**8.3%**
30 to 34	1,002	11.1%	**900**	**10.9%**
35 to 39	1,200	13.3%	**1049**	**12.7%**
40 to 44	1,506	16.6%	**1247**	**15.1%**
45 to 49	1,365	15.1%	**1330**	**16.1%**
50 to 54	1,095	12.1%	**1111**	**13.4%**
55 to 59	760	8.4%	**706**	**8.5%**
60 to 64	276	3.1%	**311**	**3.8%**
65 or older	48	0.5%	**60**	**0.7%**
Total	9,046	100.0%	8,274	100.0%

Part of Body

compensable time-loss claims

	2005	%	**2006**	%
Back	2,807	31.0%	**2,743**	**33.3%**
Shoulder(s)	729	8.1%	**725**	**8.8%**
Multiple Parts	1,008	11.1%	**719**	**8.7%**
Leg(s)	772	8.5%	**674**	**8.1%**
Ankle	349	3.8%	**363**	**4.4%**
Arms(s) (above wrist)	462	5.1%	**362**	**4.4%**
Fingers	594	6.6%	**550**	**6.6%**
Wrist	397	4.4%	**335**	**4.0%**
Hand (does not include fingers)	308	3.4%	**280**	**3.4%**
Foot (does not include toes)	237	2.6%	**228**	**2.8%**
Neck	190	2.1%	**218**	**2.6%**
Chest	186	2.1%	**177**	**2.1%**
Pelvic Region	161	1.8%	**161**	**1.9%**
Face	132	1.5%	**149**	**1.8%**
All other	714	7.9%	**590**	**7.1%**
Total	9,046	100.0%	**8,274**	**100.0%**

Claims Registered by Firm

for Nova Scotia, 2006

Number of Firms	Number of Claims Registered 2006	% of all Firms	Number of New Claims Registered	% of New Claims Registered
13	200 or more	0.07%	6,116	17.98%
42	100 or more	0.23%	9,945	29.24%
92	50 or more	0.50%	13,343	39.22%
192	25 or more	1.05%	16,736	49.20%
510	10 or more	2.78%	21,461	63.09%
994	5 or more	5.42%	24,595	72.30%

Nature of Injury

compensable time-loss claims

	2005	%	**2006**	%
Sprains, Strains	5,500	60.8%	**5,031**	**60.7%**
Cuts, Lacerations, Punctures	520	5.7%	**445**	**5.4%**
Contusions, Crushing, Bruises	485	5.4%	**296**	**3.6%**
Fractures, Dislocations	445	4.9%	**512**	**6.2%**
Inflamed Joints, Tendons, Muscles	231	2.5%	**342**	**4.1%**
Other traumatic injuries and disorders	983	10.9%	**1,006**	**12.2%**
Burns	136	1.5%	**100**	**1.2%**
Nervous system and sense organs diseases	109	1.2%	**81**	**1.0%**
Digestive system diseases and disorders	69	0.8%	**84**	**1.0%**
All other	568	6.3%	**377**	**4.6%**
Total	9,046	100.0%	**8,274**	**100.0%**

Appeals Filed

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

	2005	%	**2006**	%
Claims Registered	34,017	100.0%	**31,810**	**100.0%**
Appeals Filed	218	0.6%	**66**	**0.2%**

Compensable Time-Loss Claims and Injury Frequency by Industry

per 100 covered workers

	2005	Injury Frequency	**2006**	**Injury Frequency**
Health/Social services	1,910	4.5%	**1,739**	**3.9%**
Manufacturing	1,642	3.8%	**1,338**	**3.3%**
Retail trade	990	2.0%	**940**	**1.9%**
Construction	793	3.5%	**775**	**3.4%**
Government services	780	2.5%	**772**	**2.4%**
Accommodation/Food/Beverage	615	2.5%	**546**	**2.2%**
Transportation/Storage	497	3.8%	**478**	**3.7%**
Wholesale trade	474	2.0%	**457**	**2.0%**
Communication/Utilities	362	2.1%	**350**	**1.9%**
Other services	291	2.3%	**270**	**2.1%**
Fishing/Trapping	243	5.1%	**224**	**5.0%**
Business services	190	1.1%	**171**	**0.9%**
Logging/Forestry	79	4.4%	**58**	**3.7%**
Agriculture/Related services	70	3.6%	**56**	**3.0%**
Real estate/Insurance agents	58	1.9%	**49**	**1.6%**
Mining/Quarries/Oil wells	35	1.5%	**33**	**1.3%**
Educational services	15	0.6%	**15**	**0.6%**
Finance/Insurance	2	0.3%	**3**	**0.3%**
Total	9,046		**8,274**	

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

Our Vision

Nova Scotians – safe and secure from workplace injury.

Our Mission

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

Our Values

Can-do Attitude

We will deliver on our promises and provide top-notch service.

Safety Champion

We will be a champion for workplace safety through our relationships and innovative solutions, and by keeping prevention and return to work at the heart of our business.

Caring and Compassionate

We will strive to walk a mile in workers' and employers' shoes. We will serve as we like to be served and provide those we serve with the respect and support they need to be successful.

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

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

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

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

Virtual Office
info@wcb.gov.ns.ca
www.considersafety.ca
www.worksafeforlife.ca
www.wcb.ns.ca