Workers' Compensation Board of Nova Scotia **2007 Annual Report**

Little things matter

Sometimes it seems like the big things get all the profile.

No one gets excited about the next little thing. No one says, “did you hear the little news?”

Maybe they should.

Think, for a moment, about what really makes for a good workday.

The radio show you listen to on the way to work. The first co-worker who says “hello.” A positive note from your boss.

A happy customer. Another patient helped.

A nail well driven. A tree safely felled.

A full lobster trap. A perfect sauce. A pallet well packed. A load delivered on time.

Returned emails, open doors, coffee breaks.

Our work is invaluable. On every level, our work matters.

And perhaps what matters most are the things we take for granted.

Because, especially when it comes to workplace safety, details matter. The safety policy that never got completed. The safe work practice never implemented.

The moment it took to clean up a spill. Replacing a ladder. Putting a bucket away. Tapping a nail back in.

Whatever they are, it’s time we all looked closer at the little things.

Because in work, as in life, little things matter.

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Clean, tidy workplaces lead to fewer injuries

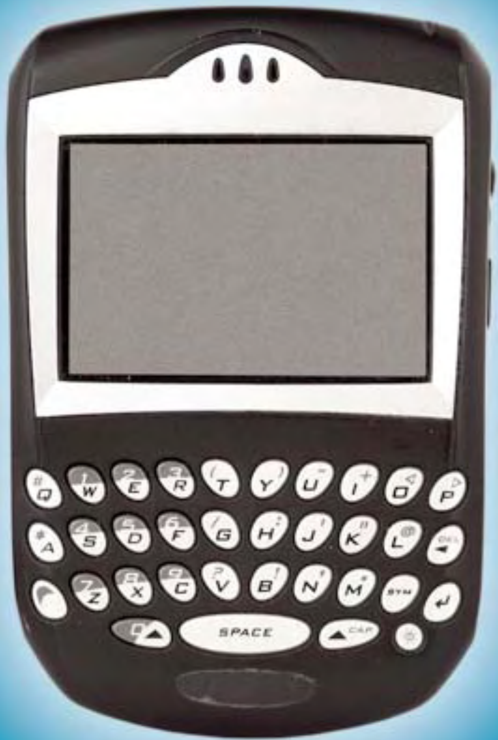
Buckets big and small part of 90 time-loss injuries in 2007

Tripping hazard if not properly stored

Year-at-a-Glance

(Dollar amounts in millions)

	2007	2006	2005
Number of Claims Registered	**32,038**	31,810	34,017
Number of Compensable Time-Loss Claims Registered	**8,230**	8,274	9,046
Duration Index (excluding chronic pain claims in Transition Services, in days)	**102**	105	114
Duration Index (all claims, in days)	**103**	107	119
Targeted Average Assessment Rate (per $100 of assessable payroll)	**$2.65**	$2.65	$2.65
Actual Average Assessment Rate	**$2.64**	$2.63	$2.63
Total Assessable Payroll (billions)	**$8.2**	$7.8	$7.6
Total Assessment Revenue	**$254.4**	$242.7	$240.0
Total Investment Income	**$23.2**	$135.3	$92.0
Total Administration Costs	**$44.1**	$43.0	$38.1
Legislated Obligations	**$9.2**	$8.8	$9.2
Total Claims Costs Incurred	**$175.6**	$162.9	$152.4
Excess of (Expenses over Revenues) Revenues over Expenses	**$(11.8)**	$(10.2)	$25.6
Total Comprehensive (loss) Income	**$(103.5)**	$75.6	$22.3
Total Assets (billions)	**$1.1**	$1.1	$1.0
Total Liabilities (billions)	**$1.5**	$1.4	$1.3
Percentage Funded Ratio	**75.3%**	81.2%	76.9%
Timeliness of First Payment to Injured Workers (% of payments made within 15 days of injury – 12 month average)	**78.0%**	78.3%	79.1%
Injury Frequency Rate: (time-loss claims per 100 covered workers)	**2.57%**	2.61%	2.87%



Helps employees stay connected to the workplace
Law says hands-free use only when driving as of April 1, 2008
Safer not to use at all while driving

Message From the Board of Directors

Workplace injury is a serious issue in Nova Scotia.

More than 30,000 of our family, our friends, our neighbours get hurt on the job each year. More than 8,000 of those people are hurt seriously enough that they are unable to return to work the next day. Furthermore, once a worker is injured, it takes longer for them to go back to work than in any other province.

For the good of our province, and the people who live here, this situation must change – the cost in human suffering is incalculable and the economic and social hardships are simply unacceptable. Thankfully, we have seen some signs of progress – the injury rate has declined slightly in the past few years and this year the number of people who died as a result of their workplace injuries has gone down significantly.

The Board of Directors sets the strategic direction of the WCB and monitors results through approved performance measures, including service, financial and operations. The Board's composition ensures a range of stakeholder insights inform our discussions and promote fairness in our decisions.

We report on our progress and listen to our stakeholders at our annual general meeting and our fall consultation sessions, and we consider this input as we provide the strategic leadership required to ensure that Nova Scotia workers safely return home at the end of their workday.

Based on this input from our stakeholders, the Board has set aggressive goals. Starting in 2006, reduce the number of people hurt or killed on the job by 22 per cent and reduce the time off work due to injury by 26 per cent. That would mean by 2016, 5,000 fewer Nova Scotians would be injured on the job every year and 1,300 fewer people would lose time from work due to a workplace injury.

The benefits of a lower injury rate are many. The reduction in human suffering is priceless. Keeping a healthy workforce at the workplace means less training and replacement costs, lower workers' compensation premiums and better productivity leading to good business results.

These improvements allow us to pursue our goal of financial sustainability of the system and eliminate the WCB's unfunded liability in approximately 2016. This loss for 2007 you will read about in our financial statements is a set back this year and it underscores the importance of our strategy. The WCB uses a set of assumptions and estimates in setting its financial framework. This year, both health care costs and investments are at variance with our assumptions and resulted in a loss of $103 million. We have made the necessary adjustments and continue to focus on our long-term strategy.

As we continue to strive towards our goals, it is our hope that all Nova Scotians might reflect on how they might make a contribution – however small or large – toward improving our safety culture and reducing the pain and suffering associated with workplace injury.

WCB Board of Directors

39 Nova Scotian physicians trained in occupational medicine under a new agreement operational in 2007
WCB total health care costs in 2007: Over $57 million
1,704 time-loss injuries in health care and social services in 2007, more than any other industry

WCB Board of Directors

Left to right (back row, standing):
Ray Ivany, Chair
David Thomson, Employer Representative
Mary Lloyd, Worker Representative
James Melvin, Employer Representative
Nancy MacCready-Williams, Chief Executive Officer
Janet Hazelton, Worker Representative

Left to right (front row):
Betty Jean Sutherland, Worker Representative
Deborah Ryan, Worker Representative
Chris Power, Deputy Chair
Carol MacCulloch, Employer Representative

Archie MacKeigan

It is with profound sadness that we say goodbye to our friend, Archie MacKeigan, a well-respected WCB Board Member since July 2005 who died unexpectedly in March 2008.

We will remember fondly Archie's down-to-earth friendliness and his management acumen. On the Board, he represented our employer community with a vision and a balanced view that spoke of his experience, wisdom and belief in doing the right thing.

Archie served on the Audit and Finance and Governance and Human Resources Committees. He also was a member of the Minister of Environment and Labour's Occupational Health and Safety Advisory Council.

Our hearts go out to Archie's family at this incredibly difficult time. We will miss him.

Trusted start to the workday, fundamental to coffee breaks
Burn hazard when not properly contained
Distraction hazard while driving

Why Do We Work?

Work is about much more than a pay cheque. Work gives us an identity, a sense of self and self-worth. Work has meaning. And not just if you're an emergency room doctor saving lives. Work has meaning for all of us. It helps define us. We get personal satisfaction from a job well done. Beyond the personal impact, work is an essential element in our society. It is the glue that holds our community and our economy together.

More than 300,000 workers are covered by workers' compensation in Nova Scotia. Last year, 10 per cent of these workers – 1 in 10 – were hurt on the job. Often the days following a workplace injury are the darkest moments in these people's lives. Why do we allow this to happen? Are Nova Scotians apathetic when it comes to workplace safety?

I wish I could list the five things we could do immediately to change our safety culture. But, unfortunately, it isn't that easy.

To me, a safety culture means employers and employees put safety first, making it a primary principle of their operations. Employers provide their employees with the training, equipment and support they need to do their job safely. Employees approach their work with their own safety and the safety of their colleagues, top of mind. We can't legislate a safety culture and we can't impose it on Nova Scotians. Everyone needs to be an enthusiastic partner in this cause.

There was some progress in 2007. Overall, fewer people lost time from work due to injury last year, those who did returned to the workplace more quickly following their injuries, and far fewer Nova Scotians died as a result of their workplace injuries. That is good news. But, to my way of thinking, there is no acceptable number of workplace injuries. One is too many. These reductions are signs of progress, glimmers of hope.

WCB initiatives contributed to these results. Through our prevention initiatives, including our advertising campaigns, we continued to raise awareness about the human and financial costs of workplace injuries. We also encouraged employer cooperation and engagement in developing effective return to work programs. Our Priority Employer Program – through which the WCB offers prevention services to targeted workplaces with the most potential to improve their safety and return to work performance – continues to yield positive results.

Personal protective equipment prevents countless injuries a year
922 injuries to feet in 2007
Walking a mile in the shoes of those we serve is a key WCB value

The number of time-loss claims for these workplaces was down 4.6 per cent compared to 0.5 per cent for the general population. Also, following an injury, employees in Priority Employer workplaces went back to work more quickly compared to other workplaces. By expanding the services we offer online through MyAccount, employers have increased access to timely, reliable and relevant occupational health and safety information.

We invested significantly in building the WCB's future capacity in 2007 through the creation of a new service delivery model. When fully implemented, we will integrate our key lines of business so we are more keenly focused on meeting the needs of workers and employers in this province.

If Nova Scotia's safety record continues to improve, everyone wins. Costs for employers will go down, a safe workplace will help them attract top-notch employees, improve employee retention and increase productivity because their well trained employees are staying on the job. Employees will work in safer environments each and every day. Their work will continue to have meaning and it will give them a sense of self and a sense of community.

The reduction in injuries and time off work due to injury is already leading to positive results for the WCB and the people of Nova Scotia. If we can maintain this momentum, we are on target to reach full funding by approximately 2016.

In 2007 we had a total comprehensive loss of $103 million. There are two primary reasons for this. First, our net investment income was $76 million less than required to cover liability requirements. We believe the investment results reflect the inherent volatility in the investment market. Secondly, our claims costs, including actuarial adjustments, are $56 million higher than anticipated. These challenging financial results underscore our need to maintain a focus on injury prevention and return to work.

To see an improved safety culture, we must refuse to accept that workplace injuries are the price of working in Nova Scotia. They don't have to be. Each of us must take a step – take action – to create a different future.

Nancy MacCready Williams

Nancy MacCready-Williams
Chief Executive Officer

Hazard when working around machinery
7 million hours lost due to injury in 2007
Nova Scotia average claim duration remains among the highest in Canada

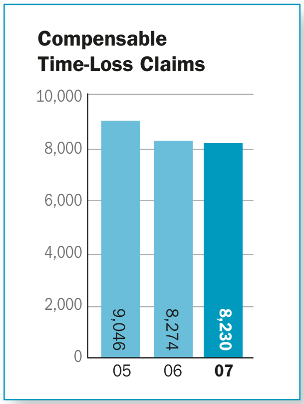
Year in Review

Over the past three years in striving toward the vision of *Nova Scotians – safe and secure from workplace injury*, the WCB's focus has been consistent – reduce the human and financial cost of workplace injury.

Our current goals are aggressive. Starting in 2006 and by 2016:

1. Reduce the number of people hurt on the job by 22 per cent; and
2. Reduce the time off work due to injury by 26 per cent.

The goals have complexity in that their achievement is largely out of the direct control of the WCB. They are reliant on change occurring in workplaces across the province.



But by achieving these reductions, and sustaining them in the years ahead, the associated cost savings lead to elimination of the unfunded liability in approximately 2016. At that point, we will see the dawn of a new day for workplace safety in Nova Scotia.

At that point, our province will be a leader in workplace safety and become a magnet for employers and employees. Workplace safety will be regarded as a key to productivity and as an essential economic driver in the fiscal health of the province. Also a financially sustainable system allows the WCB the flexibility to consider reducing the cost of workplace injury insurance for employers and increasing the benefits we provide to injured workers.

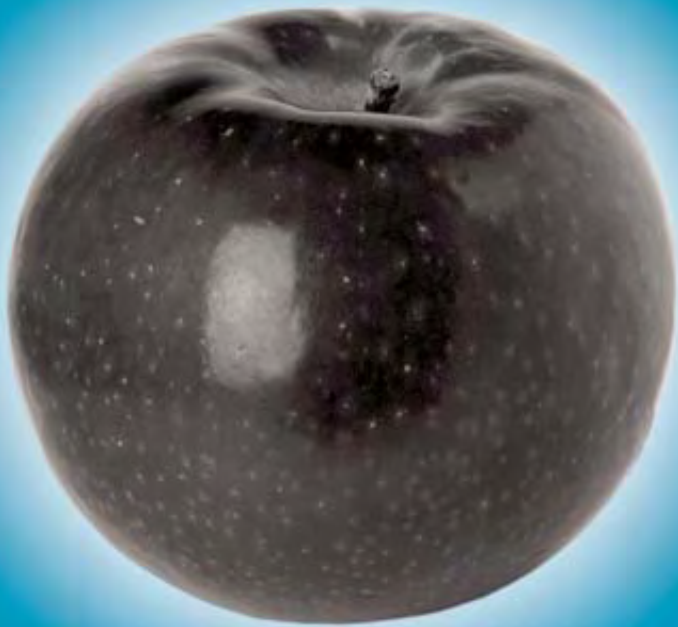
When we consider Nova Scotia's injury rate and claim durations today, our province's performance is average to poor when compared to the rest of the country. When we reach our goals, it could make our rates amongst the lowest in Canada if we did an apples-to-apples comparison.

2007 marked significant progress toward our goals. For the fourth consecutive year, the number of time-loss injuries declined and, in particular, there was a significant reduction in the number of people who died as a result of their workplace injuries this year.

The WCB also supports those whose lives are touched by workplace injury by fostering a timely, safe return to productive work. Again, we saw progress in 2007, with 51,000 (6 per cent) fewer days lost to injury and a 5 per cent reduction in Temporary Earnings Replacement Benefits. There were some challenges, however, as the total payments on claims increased by 12 per cent mostly due to increased costs for health care and there was a significant increase in the number of injuries for workers under 20 years of age.

Nova Scotians from across the province are responsible for this progress. Everyone who stood up for a safety policy in their workplace, everyone who sat on a health and safety committee, every leader who said, "we really should have a safety policy," everyone who identified a hazard and said "that's not right."

The WCB implemented a number of initiatives that also played a part in achieving these results.



Part of a healthy balanced diet
Seven time-loss injuries lifting apples in 2007
Education is a critical part of building safety awareness

MyAccount

In partnership with Nova Scotia Environment and Labour, the WCB expanded the online services offered to employers through MyAccount. Employers now have access to OHS Division inspection reports, compliance orders, appeals, prosecutions, summary offence tickets and more.

More than 5,000 employers have registered for MyAccount.

These employers have unprecedented access to information which allows them to perform in-depth analysis on what injury means in their workplaces – 24 hours a day, seven days a week.

Priority Employer Program

Through the Priority Employer Program the WCB offers coaching services to workplaces with the greatest opportunity to improve their safety performance. The program is having very real impact.

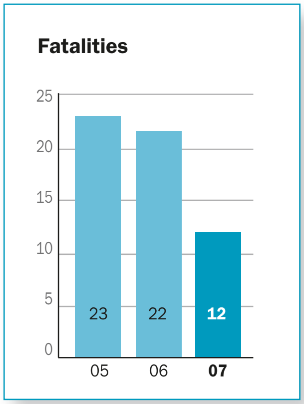
In 2007, the number of time-loss claims for workplaces involved in the Priority Employer Program is down by 4.6 per cent, compared to 0.5 per cent for the general population. Similarly, their Temporary Earnings Replacement Benefit payments decreased by 20.6 per cent, more than four times (4.8 per cent) the decline of the general population.

Generally speaking, a large percentage of injuries occur at a relatively small number of workplaces. The WCB's Priority Employer Program is fundamental to sustained reduction in workplace injury.

Safety Incentive Program

In Nova Scotia, workplace injury has, for generations, simply been assumed as something that happened – the price we pay for working. It is this attitude toward the inevitability of workplace injuries that has to change.

The Safety Incentive Program recognizes that the cost of workplace injury insurance in Nova Scotia is driven, in large part, by the claims cost experience of a relatively small number of employers.



In 2007, for the first time, and after two years of warning notices, the WCB issued surcharges to 79 employers with claims cost experience at least 200 per cent worse than their industry peers for four consecutive years. In addition, 80 employers received notice that without improvement, they would be surcharged in 2009 and a further 162 were notified that they could see a surcharge in 2010 if their safety and return to work performance does not improve.

Nova Scotia employers pay among the highest rates for workplace injury insurance in Canada. This is a direct result of the high number of workplace injuries and the length of time injured employees are off work. By ensuring employers with the worst workplace safety and return-to-work performance pay their fair share of costs, the Safety Incentive Program encourages these employers to make necessary improvements in their workplaces.

Enables daily commute for thousands
Directly mentioned in some 56 time-loss claims
Critical safety hazard when worn or improperly inflated

Partnerships with Health Care Community

The health care community is a critical partner in ensuring safe and timely return to work following a workplace injury. In 2006, the WCB signed a new contract with Doctors Nova Scotia. As part of the contract, 39 physicians across the province have been specially trained in occupational medicine.

Enhanced education for physicians and increasing their accountability for best practices in occupational medicine will have a positive impact on the health of injured workers and shorten the time they are off work due to injury.

Chronic Pain

The WCB continued to review claims for workers requesting benefits for chronic pain and the majority of claim reviews now are complete. In December 2007, the Nova Scotia Court of Appeal determined that workers who were injured before April 17, 1985 (pre-Charter workers) also are eligible to be assessed for chronic pain benefits. This decision has resulted in some ongoing effort to respond to requests for claim reviews in 2008.

Changing Service Delivery

In 2007, in consultation with stakeholders, the WCB dedicated significant energy to mapping out a new model for service delivery. The plan calls for full integration of our three main business divisions and building stronger relationships with workplaces across the province – particularly those with high claim volumes and costs.

The new model will be implemented over the next five years and will allow us to build on our successes to date.

Looking Forward

In 2008 the WCB's focus remains unchanged – reduce the human suffering associated with workplace injury and reduce the cost of workplace injury insurance.

Operationally, we will begin to implement our new service delivery model by establishing a pilot of integrated service teams and continue to define features of our new service delivery. We also will roll out new programs to help prevent musculoskeletal injuries by encouraging workplaces to design work more safely. We will continue to promote workplace safety through social marketing and we are working with industries with high injury rates to establish industry safety associations.

We will automate the indexing of benefits to improve service for long term injured workers and develop an electronic drug formulary to better manage prescription drugs. Fine-tuning of our return to work model, which to date has provided encouraging results, will continue and we will seek out opportunities to build more partnerships with the health care community.

Like environmental issues today, our focus is on creating a culture where workplace safety is an issue that cannot be ignored – not only because it's the right thing to do, but because it makes good business sense. We want companies large and small to recognize that competition is fiercer than ever – for both customers and potential employees. And, like the environment today, we envision a province where customers are less inclined to buy products or support businesses that show no regard for safe work practices. And for employees, the safety of a workplace will be an important consideration in their choice of employment.

Important part of recovery through physiotherapy
WCB works closely with physiotherapists to improve service to injured workers
Overexertion in lifting is a major cause of workplace injury

An Independent Resource

As Client Relations Officer, I offer an independent and neutral resource for workers and employers who have complaints about the service they receive from the WCB. I am not involved in day-to-day operations and I don't make decisions about claims or assessment matters. I report quarterly on my activities to the Board of Directors and annually to stakeholders in the annual report.

Because my role is designed to be impartial, I have an objective point of view and can offer a critical examination of any emerging trends or systemic issues that stakeholders may identify.

In 2007, I responded to over 1,500 general inquiries and 36 formal complaints. Of these, I found 18 complaints about our service to be substantiated and nine partially substantiated. The majority of complaints, which dealt primarily with timeliness and communications issues, were raised by injured worker group representatives and individual injured workers.

As was the case in 2006, most inquiries and complaints revolved around chronic pain. In particular, many workers who were injured before April 17, 1985 (the date the equality provisions of the *Canadian Charter of Rights and Freedoms* came into effect) had questions about whether they were eligible to be assessed for chronic pain benefits. In a December 2007 decision, the Nova Scotia Court of Appeal found that injured workers who developed chronic pain before April 17, 1985 (this group is sometimes called "pre-Charter" injured workers) are eligible to be assessed for benefits related to chronic pain.

During the year I also spent time traveling throughout the province, meeting with stakeholders and talking to MLAs and other government officials to provide them with assistance when needed.

With each inquiry or complaint that I receive, there is an opportunity for the WCB to learn how people perceive our service, and to use that information to continue to make improvements in our operations to ensure we better meet the needs of the people we serve.

Tim McInnis
Client Relations Officer

Documenting the scene is an important part of incident investigation
Captures memories at staff parties
Perfect for a health and safety committee portrait

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.

Values

Employees of the WCB model three corporate values:

- *Can-do Attitude*
  We will deliver on our promises and provide top-notch service.

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

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

Balanced Scorecard

We have developed a balanced scorecard to measure our performance against each goal. The performance measures allow us to track and benchmark our performance over time, and use that information to help drive change. They also act as a tool by which the WCB can identify areas of strength and weakness so that we can better meet the needs of the people we serve, and enhance business operations. 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 crucial to the fulfillment of the WCB's vision, mission, goals and values.

Each performance indicator is monitored and updated throughout the year to track our progress toward set targets. The WCB sets its performance targets based on past trends and experience and the likely impact of its programs on future performance. When setting targets, the WCB strives for continuous improvement but in some cases the targets set for future years may be the same or lower than the levels achieved in previous years. This can happen, for instance, when the factors that contributed to past favourable performance (a new strategic initiative, a one-time allocation of resources or improvements in economic conditions) are not expected to continue to have an impact. Future targets may also be less favourable than past performance when certain expenditures or activities (such as rising health care costs or legislated obligations) are projected to have a negative impact on results.

The WCB is confident about the integrity and reliability of the results of all the performance indicators on the balanced scorecard but recognizes that some measures can be and, over time, have been further refined because of the complexity of the variables involved. This year, in an ongoing effort to improve accuracy of forecasts and in response to a changing environment, the WCB reviewed the underlying assumptions of its operational and financial indicators. As a result, some targets have been revised in this report. The WCB also conducted an internal audit of the entire balanced scorecard aimed, in part, at validating the systems and processes used to collect performance data, verifying the accuracy of results, and identifying areas for improvement.

Performance Targets and Results at a Glance

Balanced Scorecard Measures	Actual '06	Actual '07	Target '07	Target '08	Target '12
Service					
Worker Satisfaction Index[1]	N/a	75%	70%	70%	70%
Employer Satisfaction Index[1]	N/a	81%	70%	70%	70%
Operations					
Time-loss injuries per 100 covered workers[2]	2.61	2.57	2.60	2.55	2.35
Duration – composite in days (excluding Transitional Services Team claims)	105	102	99	101	89
Percent return-to-work at 100% pre-injury earnings	93%	93%	93%	93%	93%
Average short term disability payment per claim (excluding Transitional Services Team claims)[1]	$3,981	$4,083	$3,700	$4,163	$4,290
Employee					
Employee Satisfaction Index[1]	74%	74%	70%	70%	70%
Financial					
Claims payments for the last 3 years per $100 of assessable payroll[1]	$0.923	$0.961	$0.908	$0.962	$0.956
Administrative costs per $100 of assessable payroll (excluding Transitional Services Team claims and prevention costs)[1]	$0.35	$0.32	$0.39	$0.40	$0.45
Return on investment – 5 years (as measured by Benchmark Portfolio Return)[1]			Benchmark + 0.85%		
Five-year Rate-of-Return	7.4%	9.4%			
Benchmark	8.5%	10.1%			

[1] These are new performance measures that were adopted in 2007. Historical data are not available for some of these measures.

[2] 2006 actual restated from 2.66 to 2.61.

Changes From Previous Years

This year our scorecard reflects five-year targets as well as results for several new performance measures that were adopted in 2007 to provide greater focus on the expectations and accomplishments of the WCB. In 2008, we plan to add one new indicator to the service quadrant – Stakeholder Engagement Index – that will measure whether stakeholders are satisfied with the level of engagement with the Workplace Safety and Insurance System (WSIS). This quadrant has been renamed service/governance. We will also continue to revise our scorecard to achieve better alignment with the Workplace Safety and Insurance System performance measures that are currently being developed.

Performance Measure: Service

Performance Measure: Service – Worker and Employer Satisfaction

Service/Governance	Actual '06	Actual '07	Target '07	Target '08	Target '12
Worker Satisfaction Index*	N/a	75%	70%	70%	70%
Employer Satisfaction Index*	N/a	81%	70%	70%	70%
Stakeholder Satisfaction Index**	N/a	N/a	N/a	TBD	TBD

*These performance measures were adopted in 2007.
** This performance measure will be adopted in 2008.

Significance

The WCB is committed to providing excellent service to injured workers and employers. To help determine whether the WCB is meeting the needs of its stakeholders, the WCB contracts an external firm to conduct quarterly surveys of approximately 1,600 injured workers and approximately 1,000 covered employers each year. The firm contacts injured workers and employers to determine their level of satisfaction with the service they receive from WCB employees.

Performance

In 2007, the WCB adopted two new performance indices to measure worker and employer satisfaction. The new indicators (or drivers) of satisfaction were measured using three areas of focus: client, operations and service.

For injured workers, the client focus included courtesy, understanding the client, clarity of information and responsiveness, the operations focus included timeliness, communication, reliability of service delivery and fairness; and the service focus included professionalism, competence, accessibility, accuracy and credibility.

For employers, the service focus included administrative ease, understanding the client, clarity of information and responsiveness; the operation focus included timeliness, communication, reliability of service delivery and fairness; and the service focus included professionalism, competence, accessibility, accuracy and credibility.

Using the new measures, both worker and employer satisfaction exceeded the annual targets for all indicators measured. Collectively, the main service attributes that gave workers the greatest level of satisfaction were client focus – courtesy, clarity of information, and responsiveness; operations focus – communication and fairness; and service focus – professionalism, accessibility, accuracy and credibility.

Employers were most satisfied with the following attributes: client focus – clarity of information and responsiveness; operations focus – reliability of service delivery; and service focus – professionalism, competence and credibility. The positive results that were achieved were mainly due to our measurement of several different drivers of satisfaction during the year.

Our programs and strategies

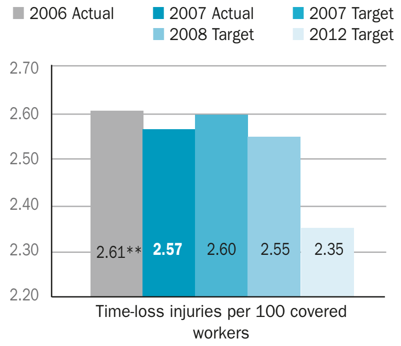
As we have no historical experience with the new worker and employer satisfaction indices, the 2007 results will be used to benchmark our performance for 2008 when we will begin to implement our new service delivery model. The main focus of the new strategy is to provide customized services to assist workplaces in improving their safety and return-to-work performance. We anticipate the new model will result in a number of positive outcomes.

Outlook

In 2008, the WCB will continue to review the way we provide service to employers and workers. A new service delivery model supports the achievement of our strategic goals by allowing us to build stronger relationships with Nova Scotia's workplaces by developing tailored solutions that work for them. We also will change our operational processes so that it becomes easier to do business with the WCB. We expect that, over time, the adoption of new ways of delivering service will translate into improved satisfaction for both employers and workers. Further, the additional insights gained from the implementation of the new methodology for measuring satisfaction will allow for the careful monitoring of the drivers of satisfaction and for timely responses to emerging issues. Given that we are heading into a period of transition as we start implementing our new service delivery model, the WCB is aiming to maintain client satisfaction at 70 per cent for 2008.

Performance Measure: Operations

Performance Measure: Time-loss injuries per 100 covered workers



Operations	Actual '06	Actual '07	Target '07	Target '08	Target '12
Time-loss injuries per 100 covered workers**	2.61	2.57	2.60	2.55	2.35
Composite Duration Index (in days, excluding Transitional Services Team claims)	105	102	99	101	89
Per cent return-to-work at 100% pre-injury earnings	93%	93%	93%	93%	93%
Average short-term disability payment per claim (excluding Transitional Services Team claims)*	$3,981	$4,083	$3,700	$4,163	$4,290

*This performance measure was adopted in 2007.

** 2006 actual restated from 2.66 to 2.61.

Significance

Our operational performance measures are designed to track whether we are being successful at reducing the injury rate (time-loss injuries per 100 covered workers), reducing the time workers are off the job and receive benefits (measured by the composite duration index), increasing the number of injured workers who return to safe and healthy work without a long-term earnings loss (per cent return-to-work at 100 per cent pre-injury earnings) and reducing the average short-term disability claims payment.

Performance

Our operational performance results for 2007 were mixed. While some results were positive, some performance indicators did not perform as predicted. We made progress in reducing the number of time-loss injuries, one of the key drivers of our long-term success, and surpassed the 2007 injury rate target of 2.60. We also held a 93 per cent return-to-work success rate for injured workers as we continued to experience some of the benefits of the physiotherapist and physician contracts that were implemented to improve treatment for injured workers and reduce the amount of time spent away from the job as a result of an injury. We also provided multi and inter-disciplinary services for injured workers with severe complications to improve the assessment of their injuries and wellness, and the redesign of our return-to-work management processes continued to help ensure workers returned to their jobs safely and in a shorter period of time.

Despite these positive changes, the composite duration index did not drop as much as anticipated. Our model for predicting changes in the index was based on savings achieved by the reduction in time-loss claims occurring in the first two years the injury was avoided, when in fact the savings are achieved over time. For example, we had anticipated that the injury rate would be 2.92 in 2006, when in fact it was 2.61 (down slightly from 2.66 noted last year). As the savings from these avoided injuries occur over time (not just in the year they did not occur), this very positive reduction in claims in 2006 had an impact on the duration index in 2007.

The rapid decrease in the volume of time-loss claims had an unfavourable impact on the composite duration index. During the year, both the number of days paid as well as the volume of time-loss claims paid fell as planned but because our progress in reducing the volume of time-loss claims outpaced our progress with reducing the number of days paid, the index fell more slowly than planned. We found that the improvements in people returning to work more safely and in a more timely manner are essentially being “masked” by the greater than anticipated progress we are making on reducing injuries. Due to this, the index dropped by only 2.9 per cent (from 105 days to 102 days) and was three days short of our 2007 target of 99 days.

The average short-term disability payment per claim is measured by short-term disability payments (numerator) divided by the number of time-loss claims paid within the past 12 months (denominator). Though we achieved our target relative to the number of time-loss claims paid, the pattern of reduction did not evolve as anticipated.

Growth in the Nova Scotia economy had both positive and negative impacts on our operations. Our assessable payroll grew by about four per cent as a result of higher wages but higher wages also led to higher short-term disability payments. Growth in short-term disability payments, originally budgeted at two per cent, was higher than planned. Average wages in Nova Scotia grew by 2.5 per cent in 2007, as measured by the average industrial wage. Average earnings of workers with time-less injuries in Nova Scotia grew by 3.8 per cent, outpacing growth in both the average industrial wage and the consumer price index.

As a result, total short-term disability payments did not decrease as quickly as planned, putting upward pressure on the average and we finished the year with an average payment that was higher than targeted – $4,083 versus a target of $3,700.

Our programs and strategies

To improve our operational performance, we continued to work with workplaces and our partners in the health care community to prevent injuries, promote safe and healthy work, and manage health care costs, expected to be a significant cost driver in future years. In 2007, we were challenged by a few factors that were predominantly out of our control – such as inflation being higher than anticipated, health care costs rising more quickly than planned, and the reduction in time-loss claims occurring more quickly than anticipated.

As in the past, we continued to focus on several key areas:

I) **Injury prevention and education** – Preventing work-related injury is the WCB's number one priority. We gauge our success through the injury rate which is measured by the number of time-loss injuries per 100 covered workers. The lower the injury rate, the lower the human and economic costs of work-related injuries.

Our approach includes a prevention education program aimed at providing workplaces with information, materials and other tools about how to make their workplaces safer and raising awareness of workplace safety among Nova Scotians by promoting safe behaviour on the job.

II) **Partnering with focus firms** – Through the Priority Employer Program (PEP) which provides safety coaching services to companies with opportunities for improvement in their safety and return-to-work systems, the WCB worked with over 100 workplaces to improve their safety and return-to-work records with positive results. In 2007, the number of time-loss claims for Priority Employers who joined the program during 2006 was down 4.6 per cent compared to 0.5 per cent for the general population.

III) **MyAccount** – In partnership with Nova Scotia Environment and Labour, the WCB expanded the online services offered to employers through MyAccount. In addition to a wide range of WCB-related tools and information, employers now have access to timely, reliable and relevant safety information – inspection reports, compliance orders, appeals, prosecutions and summary offence tickets. At the end of 2007, more than 5,000 employers had registered for MyAccount. These employers have unprecedented access to information which allows them to perform an in-depth analysis of what injury means in their workplace – 24 hours a day, seven days a week.

IV) **Safety Incentive Program** – The Safety Incentive Program recognizes the cost of workplace injury insurance in Nova Scotia is driven, in large part, by the claims cost experience of a relatively small number of employers. In 2007, for the first time (after two prior warning notices), the WCB issued surcharge notices for 2008 to 79 employers. In addition, 80 employers received notice that, without improvement, they will be subject to a surcharge in 2009. A further 162 employers were notified that they could see a surcharge in 2010 if their safety and return-to-work performance does not improve.

V) **Reaching out to young workers and the general public** – Our social marketing campaigns targeting young workers and the general public continue to draw attention to the human and financial toll of workplace injuries and reinforce the importance of safe work. The program incorporates multiple channels of communication including speeches, multi-media advertising, and site visits. Over time, these communications will help transform the attitudes, beliefs, and behaviours directly related to improved safety on the job.

VI) **Return-to-work** – Research and practical experience show that the longer an injured worker is away from work, the less likely it is that he or she will ever return to employment. That is why the WCB works with injured workers and their employers and health care providers to help them return-to-work as soon as safely possible. The ongoing refinement of our 'best practice' model continues to be a critical element of our efforts to reduce claim durations and get workers back to their jobs safely and quickly. Programs and services include vocational counseling, return-to-work planning, work assessment and worksite/job modification, job search and placement assistance. Wherever possible, the WCB strives to return injured workers to their original employers – either in the same job or in a similar new role.

VII) **Partnerships with the health care community** –The WCB negotiated new contracts with multi and interdisciplinary service providers which outline service expectations and associated fees. These agreements create opportunities for service improvements for injured workers. Specialist consultations and surgeries are being done more quickly as a result of a service agreement with the Pictou County Health Authority (Aberdeen Hospital in New Glasgow).

VIII) **Improving service delivery** – In 2007, in consultation with stakeholders, the WCB dedicated significant energy to mapping out a new model for service delivery that supports the achievement of our strategic goals. The plan calls for integrated service delivery, encompassing assessment, prevention and return-to-work services, customized to meet the needs of different types of workplaces and building stronger relationships with workplaces across the province, particularly those with high claim volumes and costs. The new model will be implemented over the next five years.

Outlook

Preventing work-related injury remains the WCB's number one priority. Over the next year, the WCB's goal is to lower the injury rate to 2.55 or less and by 2012 reach a target of 2.35 or less. But this change will not come easily. The Nova Scotia economy is experiencing ongoing change – new industries and jobs are emerging, the workforce composition is changing, and new health and safety issues are coming to the forefront. Employers, workers, government, and unions must recognize that injury is not an acceptable cost of doing business, and work together with the WCB to achieve a future where workplaces are safe and secure from injury.

We recognize that we cannot change the safety culture in the workplace by ourselves. Therefore, the WCB is committed to forging strategic partnerships with key industries and labour groups to help them strengthen their commitment and capacity to address occupational health and safety issues. Over the next year, in addition to our regular prevention awareness campaign and targeted outreach programs and workshops, we will develop materials to help companies prevent strains and sprains and work with our partners in the health care, fishing and retail automotive industries to encourage the establishment of safety associations. We believe that providing such support to these sectors with high potential for improvement will begin to build a culture of safety in these industries, strengthen the focus on prevention and return-to-work and reduce the number of injuries more quickly.

The WCB is also aiming to keep the successful return-to-work rate at 93 per cent or higher between 2008 and 2012. We will continue fine-tuning our return-to-work 'best practice' management model and focus on intervening earlier in the claim process to give injured workers the best chance possible of getting back to safe and productive employment. However, we recognize that external factors such as the economic climate, severity of injuries, and workforce demographics may make it difficult to realize further improvements in the years ahead.

We will keep spreading the word about MyAccount and encouraging more employers to register and play a more proactive role in the return-to-work process. We will also monitor and enforce the contracts with physiotherapists and physicians to improve compliance, further reduce claim durations and claim costs incurred, and improve return-to-work outcomes. We will also collect data respecting drug usage and costs through an electronic drug formulary, an online mechanism that will help us better monitor a significant portion of our health care spending, and continue to explore enhanced arrangements with other health care providers.

The issues associated with forecasting changes in time-loss claim volumes and durations have led to changes in the way we forecast some of our key corporate performance measures. As a result, future targets for two operations measures – composite duration index and the average short-term disability payment per claim, and one financial measure, claims payment for the last 3 years per $100 of assessable payroll (discussed in the next section) have been revised.

The composite duration index is expected to fall much more slowly than originally anticipated – to 101 days in 2008 and reaching 89 days or less by 2012 (versus the original targets of 94 days in 2008 and 85 days by 2012). The average short-term disability payment per claim is expected to rise slightly (mainly due to inflation) to approximately $4,163 in 2008 (original target $3,500) and settle just below $4,300 by 2012 (original target $3,100). These targets are aggressive and may be difficult to reach if the volume of claims continues to fall at current rates and inflation continues to rise. However, we have reviewed our underlying assumptions, developed additional costing models and performed detailed analysis on current data in an attempt to more accurately predict future performance targets.

Performance Measure: WCB Employee Satisfaction

Significance

On an annual basis, an external firm is hired to conduct a survey of our employees' satisfaction with the organization. To achieve our strategic goals, we must start with our own employees and create an environment where they are able to provide excellent service. It is important that our employees feel they are making a difference in the lives of Nova Scotians through the service they provide.

* This performance measure was adopted in 2007

Performance

In 2007, we adopted a new methodology for measuring WCB Employee Satisfaction – an Employee Satisfaction Index – that focused on employee ratings in six areas of importance to the organization:

- I am kept well-informed about the WCB's plans
- Overall, I am satisfied with my job
- The WCB satisfies our customers' needs
- I am recognized and rewarded for my achievements
- I think my team values my contributions
- I am given regular feedback on my job performance by the person to whom I report.

The 2007 results show that WCB Employee Satisfaction outperformed the target, and was steady with last year's results. This is a very positive indicator which reinforces our belief that the satisfaction of our own employees is the cornerstone of worker and employer satisfaction. Employees continue to come together every year to offer their thoughts and opinions on how to better serve serve workers and employers and how to make the WCB a better place to work.

Our programs and strategies

Several initiatives are being implemented to improve WCB employee satisfaction, including a program to recognize employee achievements, a leadership development program, and a health and safety training program that will contribute to a safe work environment.

In 2007, the employee recognition program was redesigned to celebrate and inspire excellent performance in our organization. Through everyday gratitude cards, 3C Awards based on our 3 corporate values, and an annual Inspire Award, WCB employees, individually and as teams were recognized for demonstrating exceptional performance.

The leadership development program was geared to identifying gaps in competencies in our leadership team at both the individual and group level, strengthening existing skills and abilities, supporting growth with development opportunities, and building ongoing capacity to sustain overall corporate performance. In 2007, with external expertise, we conducted an intensive 360 feedback program to identify future developmental needs of our leadership team and developed a program to support leaders in their development. These initiatives laid the groundwork for continued development of our management expertise and are fundamental to the success of our new service delivery model and our long-term strategic goals.

In 2007, the organization also focused heavily on building a reputation as a safety leader in Nova Scotia. We provided OH&S training to all managers to improve health and safety on the job and completed a gap analysis and list of initiatives to be undertaken to achieve the standards required for a Certificate of Recognition. In recognition of our efforts to improve our own safety program, the WCB was awarded a Halifax Chamber of Commerce Healthy Workplaces Gold Award.

Outlook

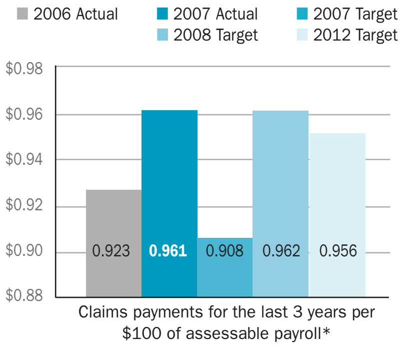
An important part of our future success is the implementation of a new service delivery model. We anticipate that employees will have questions about the changes flowing from that model and, throughout 2008 we will continue to consult with and keep our employees up-to-date about the various changes that are planned. To ensure our own employees are safe and secure, we will continue with a health and safety review of our workplace toward the achievement of a Certificate of Recognition for 'gold standard' safety practices.

In 2008, through the employee recognition program, we will continue to encourage employees to excel and expand our future leadership capacity by beginning to build the five key elements of our new leadership program:

- Education (building knowledge to improve decision-making)
- Practice (building know-how to sharpen leadership judgment)
- Self-discovery (building insight to encourage independent thinking and find an authentic leadership identity and voice)
- Support (building sustainability to ensure leaders stay on the development path)
- Community (building collaboration to reduce isolation and encourage sharing).

Performance Measure: Financial

Performance Measure: Administrative Costs



Financial	Actual '06	Actual '07	Target '07	Target '08	Target '12
Claims payments for the last 3 years per $100 of assessable payroll*	$0.923	$0.961	$0.908	$0.962	$0.956
Administration costs per $100 of assessable payroll (excluding Transitional Services Team claims)	$0.35	$0.32	$0.39	$0.40	$0.45
5-Year Rate of Return on Investment as measured by Benchmark Portfolio Return)*			Benchmark + 0.85%		
5-Year Rate of Return	7.4%	9.4%			
Benchmark	8.5%	10.1%			

*These performance measures were adopted in 2007.

Significance

Our stakeholders have consistently told us that performance accountability and financial stability are high priorities. In response, we have replaced our financial measures with new measures that track our effectiveness in three key areas: reducing overall claim costs for both short and long-term claims (claims payments for the last 3 years per $100 of assessable payroll); financial stewardship and spending prudence (administrative costs per $100 of assessable payroll); and generating a value-added rate-of-return on invested assets (actual return relative to the benchmark).

Performance

The measure 'claims payments for the last 3 years per $100 of assessable payroll' is broader in scope than the 'average short-term disability payment per claim' measure in the Operations quadrant. It has two elements: all benefit payments for both short and long-term claims over the last 3 years (numerator) and the average assessable payroll for the last 3 years (denominator) expressed as a proportion of $100 of assessable payroll.

During the year we experienced very positive payroll growth due to growth in the Nova Scotia economy but faced two challenges with respect to overall benefit payments. The impact of higher short-term benefit payments coupled with higher than anticipated increases in health care payments created some difficulty with cost management. While the increase in payments was offset to some extent by the increase in payroll, our progress at the end of the year was less than planned and we finished the year with a cost ratio of $0.961 versus the targeted amount of $0.908.

Our financial performance using the new performance measures has been mixed. We achieved our target for administrative costs, but had some challenges with reducing our overall claims costs and the rate-of-return on our investments.

Several factors combined resulted in a positive $0.07 variance from target for administration costs per $100 of assessable payroll. Positive variances resulted from the assessable payroll base which was higher than budget; administrative costs were less than budget; and offsetting deductions were higher than expected. An example of this is the change in the future liability for administrative costs which reduces total administrative costs – they were $1.5 million higher than expected and contributed to a $0.02 positive variance.
We assess our performance both relative to the market and in absolute terms. Our performance relative to the market was disappointing and the 5-year target as measured by the benchmark

portfolio return was not achieved. In addition to the disappointment relative to the market, absolute returns were disappointing in 2007. A shortfall in investment income compared to our absolute return target occurred in 2007 but these short-term fluctuations are expected and the assumption is that a shortfall in the current year will be recovered in a subsequent year. Overall, the WCB's financial situation did not improve with the percentage funded ratio decreasing from 81 per cent at year-end 2006 to 75 per cent at year-end 2007.

Our programs and strategies

We recognize that there is continuing pressure to reduce costs in the Workplace Safety and Insurance System in order to improve benefits and reduce assessment rates. In particular, the WCB is committed to helping people be safe at work, and, if they are hurt, assisting with safe and timely return-to-work. The WCB expects to achieve its long-term injury frequency and duration targets and in so doing, generate significant cost savings in the system.

Another important aspect of our financial sustainability platform is our funding strategy. Our most recent financial results form the base from which future projections are made and the current base contemplates an average assessment rate of $2.65 through 2016. The achievement of our financial objectives is tied to the success of our operational programs for injury prevention, safe and timely return-to-work and complex claims management as well as success with our investment strategy. Currently, the WCB maintains a widely diversified investment portfolio designed to provide a prudent risk and reward tradeoff.

The WCB also strives to provide value to its stakeholders by delivering the highest level of service in the most cost-effective manner. One way the WCB measures its effectiveness in this area is by calculating its annual administration costs per $100 of assessable payroll. This measure allows the WCB to monitor and compare the overall cost of administering the workers' compensation system in Nova Scotia with other workers' compensation organizations across Canada. Though this measure has been increasing in recent years, we are committed to optimizing the cost-effectiveness of the services we deliver and recognize that this does not always mean minimizing administration costs.

Outlook

To help ensure timely and accurate collection of employer premiums, the WCB will work closely with employers to verify estimated payrolls, confirm amounts receivable, collect overdue accounts, and educate employers on their payment obligations and potential opportunities for savings. We will also continue our joint registration initiative with the Canada Revenue Agency which allows us improved compliance and ensures that our programs are fairly and consistently administered, and monitor both short and long-term claim costs and health care payments to ensure that we achieve the future targets for the measure 'claims payments for the last 3 years per $100 of assessable payroll' – $0.962 in 2008 (original target $0.892) and $0.956 in 2012 (original target $0.848).

With respect to administration costs, in 2008 the Board of Directors has approved an increase in the administrative and capital budget related to WCB operations. The increase covers inflationary increases, new strategic initiatives that relate to our continued focus on the reduction of claim costs, and the addition of five positions to help achieve aggressive Workplace Safety and Insurance System objectives, develop a new service delivery model, and enhance consultation with stakeholders. As a result, our administration costs per $100 of assessable payroll are expected to increase to $0.40 for 2008, slightly above the middle range of administrative costs nationally, and to $0.45 by 2012.

The Board of Directors has set a target to reduce injuries and improve safe and timely return-to-work. When these targets are reached, we will see less people injured in workplaces and more people returned to work in a safe and timely manner. Not only will this reduce the human toll, but also the financial toll: achievement of these targets will result in a cost reduction of $35 million and elimination of the unfunded liability in approximately 2016. The elimination of the unfunded liability is dependent upon many factors, some outside the control of the WCB, as well as the successful implementation of our operational programs and investment strategies. Sound financial stewardship and a prudent investment strategy will be vital to ensure that the savings projected are realized so that we can achieve our long term goals within the anticipated timeframe.

Part of Nova Scotia culture
Average assessment rates in fishing and fish processing on the rise
“Lobster” appears in 23 time-loss injury descriptions in 2007 – mostly from lifting or moving traps and crates

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

Nancy MacCready-Williams
Chief Executive Officer

L. McKenna

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

Direct cost of workplace injury in Nova Scotia: More than $175 million
More youth injured in retail than any other industry
Retail one of several industries covered in workplace violence regulations effective April 1, 2008

Management Discussion and Analysis

As an integral part of the annual report, the Management Discussion and Analysis "MD&A" provides further insight into the operations and financial position of the Workers' Compensation Board. The discussion and analysis should be read in conjunction with the audited financial statements and supporting notes. Management is responsible for the reliability and timeliness of the information disclosed in the MD&A.

Forward-looking Information

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

Risk and uncertainties about future assumptions include, but are not limited to, the changing market, industry, general economy, legislation, accounting standards, appeals and court decisions, and other risks which are known or unknown. We caution the reader about placing reliance on forward-looking information contained herein.

WCB Operations

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.

Portfolio Structure

During 2007, the WCB changed its equity target allocations. Target allocations for international equity and U.S. equity each increased from 15% to 20%. Canadian equity allocation decreased from 30% to 20%. The portfolio's overall asset mix remains unchanged compared to 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%. The target is based on a five-year average before management fees.

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. During 2007, the U.S. indexed portfolio was moved to an active mandate. The WCB continues to use an active management strategy for Canadian and international equities and real estate investments. The WCB uses a passive investment strategy for Canadian bonds.

A passive currency hedging overlay strategy with a hedge ratio of 50% of the total foreign currency exposure will be implemented commencing in the first quarter of 2008, to reduce currency fluctuation risk.

Capital Markets Review

Global equity markets were volatile in 2007. At the close of the year global markets continue to be concerned about a credit crunch brought about by U.S. subprime mortgage defaults, and how these defaults might affect the overall economy. Bond returns were the beneficiary of economic uncertainty and increasing concern about global growth. In real estate, occupancy improvements and rental increases contributed to a strong real estate sector.

The only exposure in the WCB's investment portfolio to asset backed commercial paper was through participation in a small pooled fund. As such, the WCB's investments were not impacted by the liquidity crisis in such instruments in 2007. This was closely monitored by our Investment Committee.

Portfolio Performance

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. These objectives are 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 ±0.10% for nominal bonds and for U.S. equity it was ±0.15%. Again this objective is based on a five-year average before investment management fees. The real estate manager's objective is to exceed the return generated by 85% of the IPD. All Property Index plus 15% DEX 91 Day Treasury Bills on a five-year average.

Investment returns on the externally-managed portfolio, on a market basis, were 2.3% in 2007, which was 0.9% valued-added over the benchmark for the year. While a low relative return, these results reflect a year in the capital markets (in Canadian dollar terms) which saw the S&P/TSX Composite return 9.8%, the S&P 500 negative return of 10.5%, and the MSCI EAFE negative return of 5.7%. The bond markets returned 3.7%. The benchmark target for the five years ended December 31, 2007 was 10.1%, and the WCB's actual return was 9.4% for the five-year period. The WCB's target was not achieved for the five-year period.

As required by generally accepted accounting principles (GAAP), investments are recorded at fair market value. 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 that point in time.

Benefits Liabilities

The WCB's benefits liabilities represent the actuarial present value at December 31, 2007 of all expected health care payments, short-term disability benefits, long-term disability benefits, survivor benefits and rehabilitation payments that will be made in future years, and which relate to claims arising from events that occurred on or before December 31, 2007. 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, 2007.

The benefits liabilities grew by 6.8% 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 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. An estimate of $158.8 million 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. The 2005 valuation increased the estimate for chronic pain 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. These estimates were not adjusted in 2006.

On December 7, 2007, the Nova Scotia Court of Appeal rendered a decision extending benefits to injured workers who developed chronic pain before April 17, 1985. The cost of chronic pain benefits for this group is expected to be $12.0 million; 62% or $7.4 million of which relates to insured claims. The additional $7.4 million, along with estimated future administration costs of $0.4 million, increase the total chronic pain estimates to $201.2 million for insured claims.

As of December 31, 2007, approximately 70% of the chronic pain claims were processed. The 2006 financial statements noted that chronic pain benefits continue to be an area of uncertainty as we continue to accept new requests for assessment. The rate of growth in inquiries slowed considerably for much of 2007. However, in the time following the Court of Appeal decision noted above, inquires have increased. Although we have seen a recent increase in inquiries from the New Act Group, we do not expect this trend to continue and do not anticipate any further significant adjustments in costs at this time.

In 2008, we expect decreases in average cost per claim, acceptance rate and number of new inquiries such that overall costs will be consistent with the $201.2 million estimate included to date.

Other Cautions and Considerations – Benefits Liabilities

The health care portion of benefit costs continues to increase well beyond inflation. The pattern of payments related to health care is somewhat skewed by chronic pain diagnosis and treatment. The lack of stability in health care costs has given us cause to re-evaluate our method of determining health care costs. In prior years, a weighted average of payments from the three-year period ending in the current year was used to determine costs and liabilities associated with health care. In the current year, the method was revised to reflect only current year payments. This approach adds conservatism to the estimates in times of increasing costs as payment increases in a given year flow directly to costs in the year they occur rather than gradually over a three-year period. Fluctuations in payments (both favorable and unfavorable) will therefore be translated into cost estimates more aggressively than under the previous weighted average approach.

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, and in higher numbers than predicted. This experience has led to upward adjustments in both costs and liabilities. If this experience continues, we can expect further upward actuarial adjustments in the coming years, increasing the benefits liability until the number of permanent awards begins to stabilize. If current progress should reverse and no further improvements are achieved, the funding period would be extended by up to five years. If current progress is sustained, but no further improvements are achieved, the funding period would be extended by about three years.

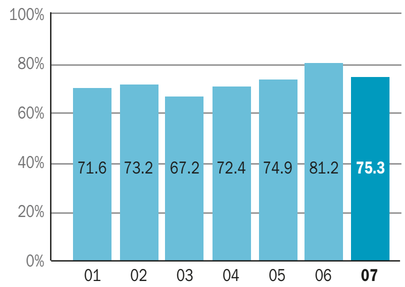
Accumulated Other Comprehensive Income

Cumulative changes in fair market value for investments still owned are tracked as accumulated other comprehensive income. The net change in other comprehensive income for the year was a decrease of $91.7 million. This accumulation is expected to fluctuate annually depending on market returns earned on the WCB investment portfolio and the realization of past gains or losses into investment income as securities are sold.

Unfunded Liability

The WCB's liabilities total $1.5 billion and assets total $1.1 billion, with an unfunded liability of $402 million and accumulated other comprehensive income of $38 million, for a net unfunded liability of $364 million at the end of 2007. The WCB's funding percentage decreased from 81% to 75% as at December 31, 2007.

Capitalization Ratios
for Nova Scotia, 2001–2007



Statement of Operations and Comprehensive Income

The operating results for 2007 and 2006 may be attributed to the following factors:

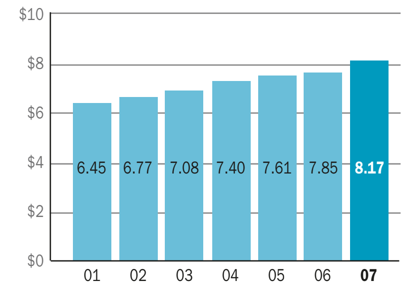
($000's)	**2007**	2006
Assessment Revenue in Excess of Current Year Costs	**$ 29,018**	$ 29,637
Investment Income (below) above Liability Requirements	**(76,164)**	38,338
Actuarial Liabilities (greater) less than Previously Anticipated	**(56,343)**	7,586
Total Comprehensive (Loss) Income	**$ (103,489)**	$ 75,561

Revenues

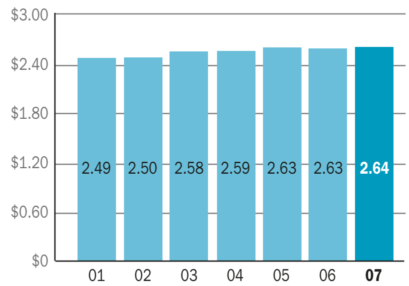
Assessment Revenue

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 $11.7 million (4.8%) from 2006 levels.

Total Assessable Payroll
for Nova Scotia, 2001–2007 in billions of dollars



Actual Average Assessment Rates
for Nova Scotia, 2001–2007



Revenues from registered firms increased $11.1 million (5.4%). This increase is primarily attributed to an increase in assessable payroll of 4.1%. 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 $2.64 is an increase from the 2006 rate of $2.63.

The targeted average assessment rate remained consistent at $2.65 from 2006 to 2007. The actual average assessment rate of $2.64 in 2007 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 $2.64, 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 2006 of $2.09. This is due in part to our benefit cost structure, 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 lower claims payments in 2007 as the processing of claims on the chronic pain list winds down. Administration costs have however, increased as the administration fee in the current year is based on the claims experience and administration costs of the prior year. The administration fee for 2008 will reflect the reduced claims payments in 2007.

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 2007 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.

Net investment income increased $65.3 million (132%) from 2006 levels, primarily relating to the realization of investment gains into income. In 2007, gains of $85.7 million were recognized into investment income during the year. Approximately one-half of the gains were attributable to normal portfolio activity and the remaining half resulted when approximately one-third of the portfolio was transitioned to the new equity target allocation discussed above. Total investment income, which is net investment income combined with the net change in other comprehensive income, decreased from $135.3 million in 2006 to $23.2 million in 2007.

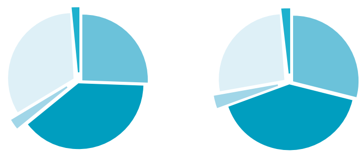
In accordance with Canadian GAAP, the WCB recognizes the entire investment gains and losses in the year of occurrence. Recognizing gains and losses in the year in which they occur produces a significant amount of volatility to the WCB's financial reporting.

Expenses

Claims Costs Incurred

Claims costs incurred are an estimate of the costs related to compensable injuries which occurred in 2007. 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 the future cost of administering existing claims.

Total Claims Costs Incurred
(in thousands)



	2007		2006	
Short-Term Disability	**$ 44,906**	**25.6%**	$ 47,416	29.1%
Long-Term Disability	**$ 67,775**	**38.6%**	$ 65,941	40.5%
Survivor Benefits	**$ 4,249**	**2.4%**	$ 4,422	2.7%
Health Care	**$ 57,459**	**32.7%**	$ 43,797	26.9%
Rehabilitation	**$ 1,248**	**0.7%**	$ 1,366	0.8%

Claims costs incurred were $12.7 million (7.8%) higher than 2006. Claims categories with fluctuations included health care costs increasing $13.7 million (31.2%); long-term disability costs increasing $1.8 million (2.8%); short-term disability costs decreasing $2.5 million (5.3%); survivor benefits decreasing $0.2 million (3.9%) and rehabilitation non-income costs decreasing $0.1 million (8.6%). Several factors influenced this aggregate result:

Total injuries reported increased about 0.7% and reported time-loss claims decreased 0.5% from 2006.

Health care costs continued to increase in 2007. The 31.2% increase is comprised of two main areas;

- A change in the method used to calculate costs, and
- Increasing costs and utilization of services.

In the 2006 and prior valuation reports, health care costs were calculated by determining the average payments (by duration year) in the last three years weighted as follows:

- Payments made in the current year – 50%
- Payments made in the prior year – 33%
- Payments made in the 2nd prior year – 17%

As noted above, the cost of assessing and diagnosing chronic pain for individuals with past injuries, and the cost of preventing chronic pain for individuals with more recent injuries continue to put significant upward pressure on health care costs. Changes in service delivery on strain and sprain injuries also increased health care costs for injuries in recent years. New and enhanced services along with increased utilization of services have led to a period of instability with regard to health care costs. Accordingly, our actuary changed the method of estimating health care costs to reflect payments in the current year only. This change leads to a significant increase in health care costs; however a downward trend in payments in subsequent years will yield a comparable downward trend in costs. The changes in the payment stream will be reflected in costs more rapidly than under the previous method.

The overall experience of change in health care costs across Canadian jurisdictions was mixed in 2006. One jurisdiction experienced a 4% decrease in health care costs while another saw their costs increase by 16%. While most other jurisdictions experienced increases in this cost area, experience in Nova Scotia was compounded by program changes. Nationally health care costs increased 4.9%, slightly more than three times the national inflation rate of 1.6%.

The 2.8% 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 5.3% in the current year. A four day reduction in the overall duration index (three days excluding chronic pain claims in Transitional Services) has led to decreases in payments on recent claims. The positive experience with duration in the current year is slightly offset by the lingering impact of the cash flow patterns of claims from 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 2008. Injury frequency dropped 1.5% from 2.61 in 2006 to 2.57 in 2007. Injury frequency is measured as time-loss injuries per 100 covered workers.

Survivor costs have decreased by 3.9% in 2007. This is due 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 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 (8.6% in 2007) with continued decreases in payments in this category. This reflects our emphasis on safe and timely return-to-work.

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' obligations due to an interest amount reflecting the time value of money. In 2007 this amount was $99.4 million or approximately 6.9% 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 we expect growth to occur at approximately 7.5% annually. The benefits liability is calculated based on historical claims payment data coupled with assumptions about future experience.

Changes in the actuarial assumptions increased the benefits liabilities by $15.4 million for 2007 as shown in Note 7 of the financial statements. Actuarial experience adjustments represent the adjustments to the estimated cost of prior years' claims which were not anticipated in the prior year's valuation. Experience adjustments year-to-year are a normal and expected part of the valuation process. Actuarial experience adjustments are $41.0 million in 2007 as indicated in Note 7 of the financial statements.

Variances in long-term disability costs are the result of negative experience with respect to permanent awards mainly from injury years 2003 and 2004. Injuries from these fairly recent years are already tracking above the expected total number of extended earnings replacement benefits for these years. Claims from 2003 and 2004 drove increases in short-term disability costs in the early stages of these claims. These years had injuries high in both volume and duration. These claims were largely impacted by changes in how we deal with chronic pain benefits. Subsequent to the 2003 Supreme Court decision regarding chronic pain, benefit payments went through a period of change as we worked to define a process for dealing with chronic pain as a compensable injury.

Some claims from these years are now moving to long-term disability and this has resulted in a larger volume of extended earnings replacement benefits than is typically expected in any given injury year. For purposes of establishing a liability reserve and in estimating costs from the current year, experience from these recent injury years cannot be ignored. In any given injury year, we expect that approximately 340 extended earnings replacement benefits will be awarded. Injuries from 2003 and 2004 have resulted in over 500 extended earnings replacement awards to date, significantly more than expected.

As a result, our actuary believes it is prudent to carry the liability at a higher level until such time as the pattern of extended earnings replacement benefits is restored to expected levels.

Administrative Costs

Administrative expenditures in 2007 totaled $40.5 million, an increase of $0.4 million from 2006. This is primarily due to increases for staffing, communications, training and development offset by a decrease in amortization and a large change in the liability for future administration costs.

- Salaries and staff expense increased $1.0 million reflecting adjustments required under the collective agreement.
- Communications increased $0.3 million due to increased advertising and telecommunication costs.
- Training and development increased $0.2 million with a focus on leadership development and occupational health and safety sponsorship for prevention initiatives.
- Amortization costs decreased $0.3 million as a result of significant business processes becoming fully amortized in 2007.
- Other costs net decrease of $0.1 million
- An increase of $0.7 million in the change in liability for future administration costs as current year claims payments exceed current year claims costs.

System Support

This line item was established in 2007 representing the costs associated with providing support to the Workplace Safety Insurance System (WSIS) and the Employer and Worker Counsellor Programs which are focused on improving the ease of interacting with the Workplace Safety and Insurance System.

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 Division's covered workforce.

Overall, legislated obligations increased by $0.4 million or 4.9% in 2007.

Excess of Expenses Over Revenues and Total Comprehensive Income

In 2007, total revenues of $369.3 million, less total expenditures of $381.1 million, yielded an excess of expenses over revenues of $11.8 million. The net change in other comprehensive income for the year was a decrease of $91.7 million, resulting in a total comprehensive loss of $103.5 million.

The funding strategy prepared in June 2007, estimated total comprehensive income for 2007 of $12.7 million. The impact of this variance on future years will be evaluated as discussed in the funding strategy section below.

Statement of Cash Flows

Cash decreased $7.8 million in 2007 primarily due to retroactive chronic pain benefits payments. The cash disbursed in 2007 for benefit payments and operations were not fully offset by the cash generated through investments and assessments premiums during 2007. This was anticipated in our cash management strategy.

Funding Strategy

Looking ahead, it is worth noting our experience with adjustments to the funding strategy to date. The financial results in the first twelve years of our funding strategy (1995 – 2006) were somewhat better than originally 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. In 2007 however, results were not as positive largely due to lower investment returns and higher claims costs experience and resulting actuarial adjustments.

The WCB's annual revision to the funding strategy in June 2007 continued to forecast the year in which the unfunded liability was expected to be eliminated at 2016. This was based on estimated total comprehensive income for 2007 of $12.7 million. As mentioned above, the actual total comprehensive income for 2007 was a loss of $103.5 million. This is $116.2 million lower than planned in the funding strategy. Given the number of variables affecting the funding position, annual variances are expected. The variance in 2007 actual results relative to our forecast is not expected to result in a significant change in the funding strategy.

The 2007 variances include:

- assessment revenue $2.3 million more than expected,
- net investment results $60.2 million less than expected,
- claims costs incurred $9.6 million more than expected,
- growth in present value $2.4 million less than expected,
- actuarial changes and experience adjustments $56.3 million more than expected, and
- administration and legislated obligations $5.2 million less than expected.

We do not expect current year results to lead to a change in the funding period as long as claims experience improves. We are confident that current results reflect a temporary setback and that negative experience in claims costs and investment returns will be recovered in subsequent years. Investment returns do fluctuate over short time frames and this assumption was incorporated into the funding strategy through a smoothing approach with investments expected to yield an overall return of 7.5% over the long term. The 2007 return of 2.3% was lower than the funding strategy return of 7.5%; however some recent prior years have produced investment returns that exceeded the 7.5% expected.

The increasing health care and long-term disability costs are not expected to continue. Recent positive experience in short-term disability costs is expecting to lead to savings and favorable adjustments on long-term disability and health care in subsequent years. If costs savings are not achieved as expected, the funding period will be affected.

Factors influencing the funding strategy including assessment rates for employers, benefit levels for injured workers and changes in the WCB's funding position should not be based on short-term results. Annual investment returns, 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.

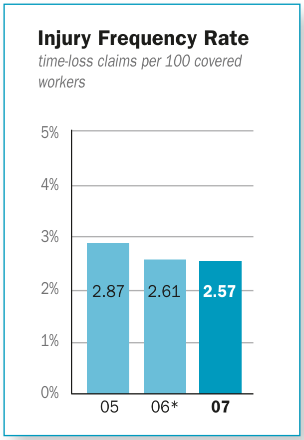
Notes 7 and 17 of the financial statements detail areas of uncertainty, including actuarial experience and chronic pain benefits, which may have a significant impact on the WCB's benefits, liabilities and funding strategy.

The WCB's funded position has worsened in the past year and Nova Scotia continues to be among the jurisdictions with a benefits liability that is not fully funded.

Risk Areas

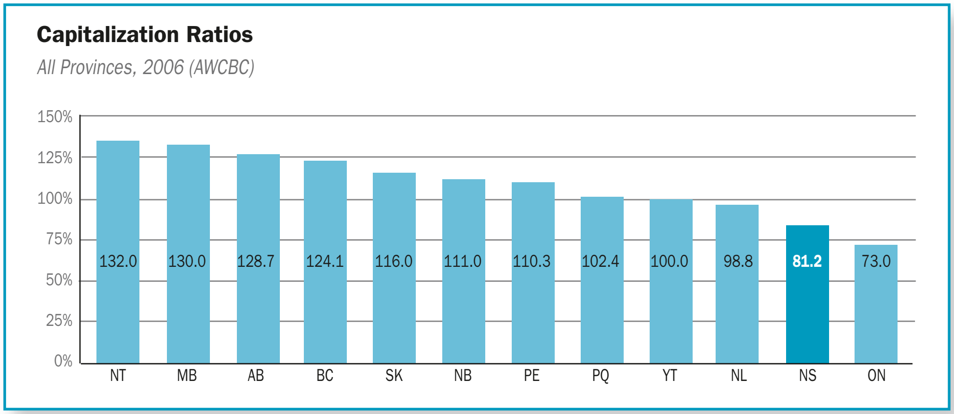
Given the nature of our operations, the WCB is inherently susceptible to risks that could lead to significant financial consequences if unmitigated. Four key variables that affect the WCB's performance and financial position include: injury rate, benefit costs, investment returns and inflation.

Injury Rate

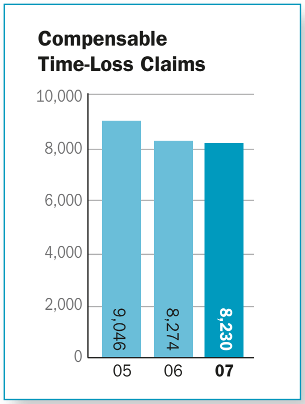


* 2006 has been restated from 2.66 to 2.61.

The benefits liability continues to grow, in large part due to Nova Scotia's high injury rate. At the end of 2007, the injury frequency rate was 2.57 time-loss injuries per 100 covered workers. The 2006 Canadian average was 2.39 time-loss claims per 100 covered workers. Comparing 2007 actual results to the 2006 results of other jurisdictions, Nova Scotia continues to have the fifth highest injury frequency rate in Canada. It is important to note that, unlike some jurisdictions, Nova Scotia does not cover many lower-risk industries and our injury rate would be lower if these industries were covered. However, we estimate that approximately 25% of claims are resolved within the two-day waiting period and are therefore excluded from the injury frequency calculation.



Including these claims in the calculation would result in an injury rate of approximately 3.20. 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 injuries leading to disability are soft tissue injuries (sprains and strains).



Injury rate – Impact on Funding Strategy

The injury rate is one of the most significant drivers 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 time-loss claims per 100 covered workers to 2.30 time-loss claims per 100 covered workers, all else being equal, translates to estimated savings of over $25 million and 1,800 fewer time-loss claims. As of December 31, 2007 the injury frequency rate dropped to 2.57 time-loss claims per 100 covered workers resulting in a decrease of nearly 800 time-loss claims since 2005. Reductions in time-loss claims achieved in 2006 and 2007 combine to produce realized cash flow savings of $2.5 million. Based on expected payment patterns, claims avoided to date will lead to cash flow savings of an additional $1.5 million in future years. The valuation methodology involves calculating a weighted average of payments from each of the last three years. The reduced cash flows of 2006 and 2007 leads to calculated cost savings of $1.7 million attributable to reductions in time-loss claims. The funding strategy incorporates this $1.7 million progress to date along with an additional $7 million in short-term disability cost savings that are expected to flow from continued reductions in time-loss claim volumes.

Experience with long-term disability claims has led to a $2.9 million increase in long-term disability costs in 2007. This, combined with the 2006 increase of $7.5 million, does create some challenges for the funding period. We are expecting that the recent negative experience will not continue and that the $10.4 million excess costs will be recovered over the next two to three years. We further expect that an additional $16.4 million in savings will be generated from continued reductions in the injury rate. If the increases in costs are not recovered but remaining savings are achieved as expected, the funding period would be extended by one to two years.

In Nova Scotia, reducing work related disability by reducing workplace injury 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 behaviors – on the part of employers, workers, health care 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 has several initiatives underway to address these issues:

- Injury prevention and education. The WCB's top priority is preventing workplace injury in Nova Scotia. To achieve this success we will continue to focus on prevention education by providing information and tools that can make workplaces safer.
- Continued focus on the Priority Employer Program to help workplaces that have a greater opportunity to improve their safety and return-to-work performance.
- The Safety 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.
- In 2007, we partnered with Nova Scotia Environment and Labour and expanded the online services offered to employers through MyAccount. MyAccount helps businesses manage their accounts more efficiently.

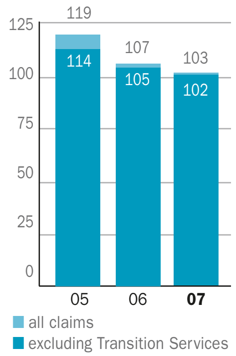
- Reaching out to young workers and the general public through continued social marketing programs to make Nova Scotians more aware of the importance of working safely.
- Reviewing the way we deliver services so that we are in the best position to support the needs of employers and workers.

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.

Composite Duration Index

for Nova Scotia, 2005–2007



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 2006, Nova Scotia had the second 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 2007, the WCB focused on:

- Continued management and building relationships with the health care sector to enhance safe and timely return-to-work by endorsing best practices in occupational medicine.
- Consulting with our stakeholders to determine whether our service meets the needs of workers and employers. A new model for service delivery is being developed to allow us to offer integrated services. This approach will allow us to build stronger relationships with the people we serve.

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 2007, the duration index decreased four days (three days excluding chronic pain claims) to 103 days (102 days excluding chronic pain claims). Since 2005, the duration index has decreased 16 days. This resulted in cash flow savings of $4.3 million realized in 2006 and 2007. Based on expected payment patterns, the reduction achieved to date will lead to additional cash flow savings of $1.7 million in future years. The valuation methodology involves calculating a weighted average of payments from each of the last three years. The reduced cash flows of 2006 and 2007, leads to calculated cost savings of $3.2 million attributable to reduced claim durations. The funding strategy incorporates this $3.2 million from progress to date along with an additional $6.6 million in short-term disability cost savings that are expected to flow from continued reductions in claim duration in future years. Slight savings in long-term disability costs totaling $0.5 million are also expected over the next 10 years as a result of reduced durations.

If current progress does not continue and no further improvements are achieved, the funding period would be extended by up to five years. If current progress is sustained, but no further improvements are achieved, the funding period would be extended by three years.

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 five-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 2007, 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 74% probability that long-term returns will fall within plus or minus 2% of the range assumed over the estimated funding period.

Inflation

The benefits liabilities of the WCB are partially indexed to the Consumer Price Index (CPI) 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. Any change to this formula would impact our liabilities and costs. An increase in indexing from 50% of CPI to 60% of CPI would increase liabilities an estimated 2.5% or $36.0 million. Incurred costs would also increase by 1.7% or $2.6 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 and continued pressures on the health care system.

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”. As a result the WCB may be able to affect reported investment income volatility by selecting the timing of security sales as recognition of unrealized gains and losses occurs as the net change in 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 of our benefits liabilities 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, which management cannot control. Actual future results will vary from the actuarial valuation estimate 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	$54.2 million (3.7%)	$4.5 million (3.1%)
Decrease Inflation Rate 0.5%	Increase	$19.6 million (1.4%)	$1.5 million (1.0%)
Decrease Discount Rate and Increase Inflation Rate 0.5%	Increase	$33.9 million (2.3%)	$3.0 million (2.0%)
Increase Health Care Inflation Rate 1.0%	Increase	$22.8 million (1.6%)	$2.3 million (1.6%)

Outlook

The Workers' Compensation Review Committee Report (Dorsey Report, 2002) and the Supreme Court of Canada decision on chronic pain (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. Without knowing which changes will occur, 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 benefits is discussed above and has been factored into the WCB's funding strategy.

Funding of the Workplace Safety and Insurance 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 short-fall from the annual target in 2007, however at this point we believe it will not change the full funding date of approximately 2016. The WCB Board of Directors will revisit the funding strategy as part of the annual budget process in June 2008. On an on-going 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 2008.

It is important to realize that while the overall financial position has improved since the funding strategy was first adopted, 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.

Safe work design important at computer workstations to prevent soft tissue injury
5,100 employers registered for online account access through MyAccount as of December 31, 2007
65% of WCB-covered employers use the Internet as part of daily business

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, 2007 and the statements of operations and comprehensive income, unfunded liability, 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, 2007 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 29, 2008

Ernst & Young, LLP
Chartered Accountants

Helps design work more safely
Allows for better posture
Soft-tissue injuries like neck strain represented 54% of all time-loss injuries in 2007

Statement of Financial Position

as at December 31 (thousands of dollars)

	2007	2006
ASSETS		
Cash and cash equivalents (Note 13)	**$ -**	$ 2,522
Receivables (Note 3)	**19,896**	21,689
Investments (Note 4)	**1,084,213**	1,091,177
Property, equipment and other assets (Note 5)	**6,632**	7,683
	$1,110,741	$1,123,071

	2007	2006
LIABILITIES AND UNFUNDED LIABILITY		
Bank indebtedness	**$ 5,298**	$ -
Payables and accruals	**11,969**	19,389
Employee future benefits (Notes 6 and 16)	**8,065**	6,929
Benefits liabilities (Note 7)	**1,448,965**	1,356,820
	1,474,297	1,383,138
Accumulated other comprehensive income	**38,296**	129,963
Unfunded liability	**(401,852)**	(390,030)
Net unfunded liability	**(363,556)**	(260,067)
	$1,110,741	$1,123,071

Commitments (Note 15)
Contingencies (Note 17)

Approved on behalf of the Board of Directors:

Ray Ivany
Chair

James Melvin
Chair, Audit and Finance Committee

Statement of Operations and Comprehensive Income

year ended December 31 (thousands of dollars)

	2007	2006
Revenue		
Assessments (Notes 8 and 13)	**$ 254,384**	$ 242,733
Net investment income (Notes 4 and 13)	**114,881**	49,571
	369,265	292,304
Expenses		
Claims costs incurred (Notes 7 and 13)	**175,637**	162,942
Growth in present value of benefits liabilities and actuarial experience adjustments (Note 7)	**155,721**	89,378
Administration costs (Notes 9 and 13)	**40,475**	40,115
System support (Note 10)	**23**	-
Legislated obligations (Note 11)	**9,231**	8,801
Impairment charge on other assets (Note 5)	**-**	1,238
	381,087	302,474
Excess of expenses over revenues applied to increase the unfunded liability	**(11,822)**	(10,170)
Unrealized (losses) gain on available-for-sale financial assets arising during the year	**(6,001)**	108,823
Reclassification of realized gains to net investment income	**(85,666)**	(23,092)
Net change in other comprehensive income for the year	**(91,667)**	85,731
Total comprehensive (loss) income	**$ (103,489)**	$ 75,561

Statement of Unfunded Liability

year ended December 31 (thousands of dollars)

	2007	2006
Unfunded liability, beginning of year	**$ (390,030)**	$ (379,860)
Excess of expenses over revenues	**(11,822)**	(10,170)
Unfunded liability, end of year	**$ (401,852)**	$ (390,030)

Statement of Changes in Accumulated Other Comprehensive Income

year ended December 31 (thousands of dollars)

	2007	2006
Accumulated other comprehensive income, beginning of year	**$ 129,963**	$ 44,232
Net change in other comprehensive income for the year	**(91,667)**	85,731
Accumulated other comprehensive income, end of year	**$ 38,296**	$ 129,963

Statement of Cash Flows

year ended December 31 (thousands of dollars)

	2007	2006
Operating Activities		
Cash received from:		
Employers, for assessments	**$ 251,138**	$ 243,828
Net investment (loss) income	**(84,826)**	49,606
	166,312	293,434
Cash paid to:		
Claimants or third parties on their behalf	**(233,585)**	(208,796)
Suppliers, for administrative and other goods and services	**(54,480)**	(46,173)
	(288,065)	(254,969)
Net cash (used in) provided by operating activities	**(121,753)**	38,465
Investing Activities		
Decrease (increase) in investments, net	**115,019**	(49,138)
Cash paid for:		
Purchases of equipment	**(1,086)**	(1,287)
Net cash provided by (used in) investing activities	**113,933**	(50,425)
Net decrease in cash and cash equivalents	**(7,820)**	(11,960)
Cash and cash equivalents, beginning of year	**2,522**	14,482
(Bank indebtedness) cash and cash equivalents, end of year	**$ (5,298)**	$ 2,522

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

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 a timely return to safe and healthy work; administers the payment of benefits to injured workers; levies and collects assessment revenues from established classes of employers in amounts sufficient to cover the costs of claims and administration; and invests funds held for future benefit payments.

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 (Bank Indebtedness)** 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.

Bank indebtedness includes the utilization of a line of credit. Cash advances from the line of credit bear interest at the bank's prime interest rate less 1%.

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 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) **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.

f) **Benefits Liabilities.** An independent actuary completes a valuation of the benefits liabilities of the WCB at each year end. The benefits liabilities represent the actuarial present value of all future benefits payments expected to be made for injuries which occurred in the current fiscal year or in any prior year. 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.

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

h) **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.

i) **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, 2007 and 2006, the WCB did not have any exposure relating to derivative instruments.

j) **Comparative Figures.** Certain 2006 comparative figures have been reclassified to conform with the 2007 presentation.

k) **Future Accounting Policy Changes.** On February 8, 2008, the Accounting Standards Oversight Council (AcSOC) expressed their support for the Canadian Accounting Standards Board (AcSB) proposal which would require publicly accountable profit-oriented enterprises to use International Financial Reporting Standards (IFRSs) for interim and annual financials statements for fiscal years beginning on or after January 1, 2011. IFRSs would eliminate the current Canadian GAAP. During 2007 the WCB prepared a high-level analysis to gain an understanding of how IFRSs would affect the WCB's financial statements. For 2008 the intension is to prepare a detailed plan in preparation for IFRSs implementation. The WCB continues to monitor IFRSs developments.

3. RECEIVABLES

3. RECEIVABLES	2007	2006
Assessments	**$16,443**	$16,578
Self-insured employers	**5,210**	3,984
Assessments receivable	**21,653**	20,562
Self-insured employers – deposits	**(3,872)**	(3,962)
Harmonized Sales Tax rebate	**485**	436
Other	**1,630**	4,653
	$19,896	$21,689

Assessments receivable are net of an allowance for doubtful accounts of $1,332 in 2007 (2006 - $1,165). Other receivables are net of an allowance for doubtful accounts of $644 in 2007 (2006 - $541).

4. INVESTMENTS

4. INVESTMENTS	2007 Fair Market Value	2006 Fair Market Value
Money market	**$ 6,043**	$ 7,808
Fixed-term investments	**339,381**	309,717
Equities	**611,481**	659,024
Real estate	**126,715**	114,088
Accrued interest	**593**	540
Total	**$1,084,213**	$1,091,177

Investment Income	2007	2006
Interest and dividends	**$ 32,456**	$ 29,508
Realized gains from the statement of comprehensive income	**85,666**	23,092
	118,122	52,600
Less: Portfolio management expenses	**(3,241)**	(3,029)
Total investment income	**$ 114,881**	$ 49,571

5. PROPERTY, EQUIPMENT AND OTHER ASSETS

2007	Cost	Accumulated Amortization	Net Book Value
Land	**$ 155**	**$ -**	**$ 155**
Building	**3,573**	**2,075**	**1,498**
Furniture and facilities	**3,779**	**2,047**	**1,732**
Equipment and computer hardware	**2,439**	**1,256**	**1,183**
Software and process development costs	**10,438**	**8,374**	**2,064**
	$20,384	**$13,752**	**$ 6,632**

2006	Cost	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
	$21,765	$14,082	$7,683

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 limited the WCB's ability to use the unit at the Queen Elizabeth II Health Sciences Centre. As a result, future value associated with the exclusive right to use the unit no longer existed 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 16) consisting of retirement allowances, post-employment life insurance, dental and medical programs. An actuarial valuation was performed as at December 31, 2006, 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:

	2007	2006
Discount rate, benefits expense for year	**5.25%**	5.0%
Discount rate, accrued benefit obligation	**5.5%**	5.25%
Expected health-care costs trend rate; decreasing annually by 1% increments to an ultimate rate of 5%	**7%**	7%
Drug claim increases trend rate; decreasing annually by 1% increments to an ultimate rate of 6%	**9%**	9%
Dental cost escalation	**3.5%**	3.5%
Retirement age assumption	**59 years**	59 years

	2007	2006
Accrued Benefit Obligation		
Beginning of year	**$ 9,121**	$ 6,992
Current service costs	**751**	772
Interest costs	**513**	469
Benefits paid	**(219)**	(246)
Actuarial (gain) loss (a)	**(461)**	1,134
End of year	**$ 9,705**	$ 9,121
Funded Status		
Plan deficit	**$ 9,705**	$ 9,121
Unamortized net actuarial loss	**(1,640)**	(2,192)
Accrued employee future benefits liability	**$ 8,065**	$ 6,929
Net Benefit Expense		
Current service costs	**$ 751**	$ 772
Interest costs	**513**	469
Amortization of net actuarial loss	**92**	150
Net employee future benefits expense	**$ 1,356**	$ 1,391

(a) A change was made in the actuarial assumptions in 2007 increasing the discount rate from 5.25% to 5.5%. In 2006, a change was made in actuarial assumptions decreasing the rate from 6.25% to 5.25%. In accordance with the Canadian Institute of Chartered Accountant handbook section 3461, the rates are based on corporate AA bond yields at the end of the year.

7. BENEFITS LIABILITIES

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Subtotal	Claims Administration	Total 2007
Balance, beginning of year	**$ 91,663**	**$ 874,926**	**$ 125,614**	**$ 181,394**	**$ 6,422**	**$ 1,280,019**	**$ 76,801**	**$ 1,356,820**
Growth in present value of benefits liabilities	**6,645**	**64,246**	**9,048**	**13,335**	**479**	**93,753**	**5,625**	**99,378**
Change in actuarial assumptions (a)	**-**	**(514)**	**(2,868)**	**18,353**	**(485)**	**14,486**	**869**	**15,355**
Actuarial experience adjustments (b)	**(8,439)**	**24,088**	**3,399**	**21,209**	**(1,589)**	**38,668**	**2,320**	**40,988**
Total growth	**(1,794)**	**87,820**	**9,579**	**52,897**	**(1,595)**	**146,907**	**8,814**	**155,721**
Claims costs incurred	**44,906**	**67,775**	**4,249**	**57,459**	**1,248**	**175,637**	**8,624**	**184,261**
Less: Claims payments made	**(51,033)**	**(104,405)**	**(14,192)**	**(64,659)**	**(1,326)**	**(235,615)**	**(12,222)**	**(247,837)**
Balance, end of year	**$ 83,742**	**$ 926,116**	**$ 125,250**	**$ 227,091**	**$ 4,749**	**$ 1,366,948**	**$ 82,017**	**$ 1,448,965**

	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

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:

2007 and 2006 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%	5.5%
Medical Aid (Rehabilitation non-income 2006)	1.75% + CPI	5.75%	1.75%
All others (Rehabilitation non-income 2007)	CPI	4%	3.5%

The WCB's independent actuaries, in their report of February 29, 2008, 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 $267,000.

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 2007, changes in actuarial assumptions and methodology increased the benefits liabilities by $15,355. These changes included;
   - An increase of $19,454 due to a change in the method used to project future cash flows related to health care. In prior years, liabilities and costs incurred related to health care were determined using a weighted average of payments made in each of the last three years. Due to instability of health care payments in 2007, the approach was revised to include experience from the current year only.
   - A decrease of $3,045 results from a reduction in the estimated percentage of individuals with permanent long term disability awards whose death will result in a survivor benefit.
   - A decrease of $514 results from a change in the inflation assumption related to non-income rehabilitation costs from 5.75% to 4.0%.
   - A net decrease of $540 results from changes made to assumptions relating to long term disability and survivor benefits as follows:
     – A decrease in expected non-inflationary growth in benefits from 20% to 12% results in a downward adjustment of $18,842.
     – An increase in the expected number of future permanent awards from recent injury years results in an increase in liabilities of $8,297.
     – A change in the method of valuing permanent impairment benefits led to an increase of $14,525.
     – A change in the method of calculating experience to reflect all years excluding the last three calendar years results in a decrease of $4,520.

   In 2006, there were no changes in actuarial assumptions.

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 2007, actuarial experience adjustments increasing benefits liabilities totalled $40,988. The adjustments included:
   - An increase of $31,182 reflecting higher than anticipated health care payments.
   - An increase of $7,844 reflecting chronic pain benefits for workers injured prior to April 17, 1985.
   - An increase of $5,577 for retroactive permanent impairment benefit awards.
   - A decrease of $12,156 reflecting changes in duration and lower than expected short term disability costs.
   - Other non-specified experience adjustments increasing benefits liabilities by $8,541.

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.

8. ASSESSMENTS	**2007**	2006
Assessed employers	**$ 214,870**	$ 203,795
Self-insured employers (Note 12)	**38,112**	37,606
Assessment reporting penalties and interest	**1,402**	1,332
	$ 254,384	$ 242,733

Assessment revenue is shown net of bad debt expense of $314 in 2007 (2006 - $262).

9. ADMINISTRATION COSTS	**2007**	2006
Salaries and staff expense	**$ 32,101**	$ 31,090
Building operations	**2,141**	2,126
Amortization	**2,135**	2,428
Communications	**1,775**	1,466
Services contracted	**1,605**	1,753
Professional, consulting and service fees	**1,518**	1,406
Supplies	**1,038**	1,059
Travel and accommodations	**928**	968
Training and development	**797**	641
Equipment rental	**34**	49
Miscellaneous	**1**	5
	$ 44,073	$ 42,991
Change in liability for future administration costs	**(3,598)**	(2,876)
	$ 40,475	$ 40,115

10. SYSTEM SUPPORT

In 2007, system support costs are costs associated with providing support to the Workplace Safety Insurance System (WSIS) agencies and the employer and worker counsellor programs. The employer and worker counsellor programs are focused on improving the ease of stakeholders interacting with the Workplace Safety and Insurance System agencies.

11. LEGISLATED OBLIGATIONS	**2007**	2006
Occupational Health and Safety	**$5,673**	$5,133
Workers' Advisers Program	**1,800**	2,008
Workers' Compensation Appeals Tribunal	**1,506**	1,497
Injured Workers' Associations	**252**	163
	$9,231	$8,801

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.

12. SELF-INSURED EMPLOYERS

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

	2007	2006
Revenue	**$ 38,112**	$ 37,606
Claims payments made		
Short-term disability	**$ 3,689**	$ 3,740
Long-term disability	**18,147**	19,251
Survivor benefits	**3,000**	3,104
Health care	**6,944**	5,960
Rehabilitation	**135**	73
	31,915	32,128
Administration costs	**6,197**	5,478
	$ 38,112	$ 37,606

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.

13. RELATED PARTY TRANSACTIONS

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

	2007	2006
Revenue	**$ 5,164**	$ 4,862
Claims payments made	**$ 4,109**	$ 3,884
Administration costs	**1,055**	978
	$ 5,164	$ 4,862

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, 2007, the amount receivable from the Province of Nova Scotia was $779 (2006 - $718) for claims payments made and administration costs.

The WCB invests short-term funds in promissory notes of the Province of Nova Scotia. Interest earned on these investments totalled $183 in 2007 (2006 - $148). There were no funds invested in notes due from the Province as at December 31, 2007 (2006 - $0).

14. INDUSTRY LEVIES

As a result of Orders-in-Council, the WCB has levied a surcharge against the industries listed below to fund a portion of the operating costs of 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 Comprehensive Income.

Industry	Payee	**2007**	2006
Construction	Nova Scotia Construction Safety Association	**$801**	$794
Forestry	Forestry Safety Society	**$181**	$215
Trucking	Nova Scotia Trucking Safety Association	**$256**	$244
Retail Gasoline	Retail Gasoline Dealers' Association	**$ 21**	$ 21

15. COMMITMENTS

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

2008	1,512
2009	1,226
2010	1,061
2011	887
2012	880
	$ 5,566

16. EMPLOYEE PENSION PLAN

Employees of the WCB participate in the Public Service Superannuation Fund (the "Plan"), a contributory defined benefit pension plan administered by the Province of Nova Scotia, which provides pension benefits based on length of service and earnings. Contributions to the plan are required by both employees and the WCB. Total WCB employer contributions for 2007 were $1,964 (2006 - $1,723) 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.

17. 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 2007, the WCB adjudicated claims under the new regulations and policies. Through 2005 to 2007, 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 is currently undeterminable.

WCB Salaries and Benefits *December 31, 2007*

	2007					2006	
	Number of Individuals	**Salary**	**Benefits**	**Other**	**Total**	Number of Individuals	Total
Chair, Board of Directors	**1**	**$ 30,350**	**$ -**	**$ -**	**$ 30,350**	1	$ 28,933
Acting Chair	**-**	**17,767**	**-**	**-**	**17,767**		13,267
Board of Directors	**9**	**138,950**	**-**	**-**	**138,950**	9	109,733
	10	**187,067**	**-**	**-**	**187,067** [1]	10	151,933
Chief Executive Officer	**1**	**170,594**	**15,661**	**20,062**	**206,317**	1	189,085
VP Operations & Service Delivery	**1**	**132,195**	**13,992**	**3,692**	**149,879**	1	144,769
VP Corporate Services & Chief Financial Officer	**1**	**121,380**	**16,529**	**3,693**	**141,602**	1	130,587
VP Prevention & Corporate Development	**1**	**121,380**	**16,529**	**12,691**	**150,600**	1	136,445
VP Marketing, Communications & Human Resources	**1**	**121,380**	**16,529**	**3,693**	**141,602**	1	130,375
	5	**666,929**	**79,240**	**43,831**	**790,000**	5	731,261
Employee Salaries & Benefits (Average 2007 – $66,496; 2006 - $59,833)	**448**	**24,890,181**	**4,701,500**	**198,504**	**29,790,185**	482	28,839,297
Employee future benefits	**-**	**-**	**-**	**1,355,875**	**1,355,875**		1,390,600
Administration – Salaries & Benefits	**463**	**$25,744,177**	**$4,780,740**	**$1,598,210**	**$32,123,127** [2&3]	497	$31,113,091

[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 was appointed effective May 16, 2007. The Acting Chair position was effective September 1, 2006 to April 23, 2007 and received the Chair's rate of renumeration. All other Board members received a daily per diem allowance of $300 for attendance of Board meetings and related work. In addition to the per diem, the Committee Chairs received an honorarium of $2,000 per annum.

[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 2007 of $32,123,127 (2006 - $31,113,091) varies by $21,973 (2006 - $23,380) from Note 9 in the Financial Statements due to Travel Allowances disclosed in "Other", which is posted to Travel and Accommodation in Note 9.

[3] This figure represents the average number of employees on payroll during the year.

Works alone, stronger in cooperation with others
762 time-loss injuries in construction in 2007
Puncture or laceration hazard

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, 2007, for the purpose of providing input to the Financial Statements of the Board.

Our estimate of the benefits liabilities of $1,448,965,000 represents the actuarial present value at December 31, 2007, 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, 2007. The liabilities include a provision of $44,117,000 ($41,620,000 excluding administration costs) for chronic pain claims that have not yet been processed and $5,577,000 ($5,261,000 excluding administration costs) for retroactive payments to some claimants whose benefits were commuted. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease, except to the extent such claims are represented in the past claim histories.

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, 2006.

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 non-permanent portion of survivors' benefits have been determined from projections of future claim payments. These projections have been based on continuation of recent payment patterns by years since the injury. An inflation rate of 4.0% per annum has been used to project future cash flows for short-term disability claims, non-income rehabilitation benefits, and the non-permanent portion of survivors' benefits. For health care 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 $267 million (about 19% 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.

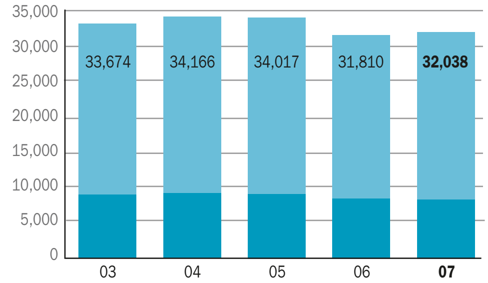
Important Nova Scotia natural resource
61 total time-loss injuries in logging and forestry in 2007
About one-third of injuries in the industry are to muscles and joints

2007 Statistical Summary

In 2007:

- The total number of claims registered increased by 0.7 per cent from 31,810 in 2006 to 32,038 in 2007.
- The total number of time-loss claims in 2007 is 8,230 – a decrease of 0.5 per cent from the 2006 total of 8,274.
- '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 2.7 per cent, from 105.3 days to 102.4 days in 2007.
- Total assessable payroll has increased steadily since 2002. The current figure is $8.17 billion, a 20.7 per cent increase from the 2002 figure of $6.77 billion.
- Nova Scotia's targeted average assessment rate of $2.65 per $100 of payroll was second highest among the twelve Canadian WCBs. The actual rate was $2.64 per $100 of payroll as of February 29, 2008.
- The capitalization ratio decreased from 81.2 per cent in 2006 to 75.3 per cent in 2007. The capitalization ratio is the WCB's total assets divided by its total liabilities.

Status of New Claims



	03	04	05	06	07
Compensable Time Loss	8,996	9,298	9,046	8,274	**8,230**
Other:					
No Compensable Time Loss	19,684	18,339	17,966	17,491	**17,365**
Not Pursued or Disallowed	4,994	6,529	7,005	6,045	**6,443**
Other Subtotal	24,678	24,868	24,971	23,536	**23,808**
Total	33,674	34,166	34,017	31,810	**32,038**
Fatalities	22	27	23	22	**12**
Clients with Registered Claims	29,395	29,776	29,686	27,887	**28,156**

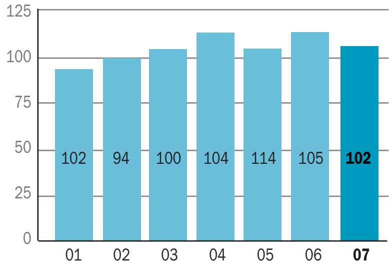
Claims represented are those registered during the report year. Time-loss claims are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.

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



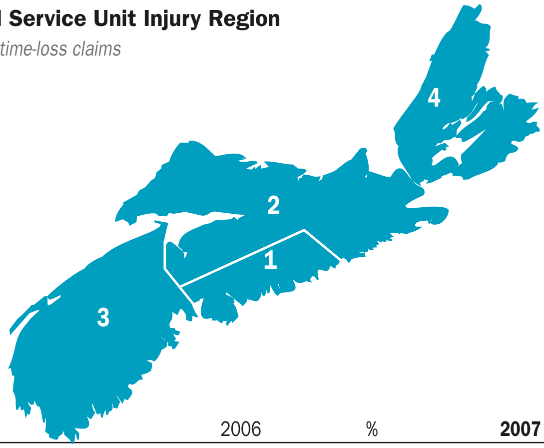
Gender of Client

compensable time-loss claims

	2006	%	**2007**	%
Male	4,936	59.7%	**4,884**	**59.3%**
Female	3,338	40.3%	**3,346**	**40.7%**
Total	8,274	100.0%	**8,230**	**100.0%**

Integrated Service Unit Injury Region

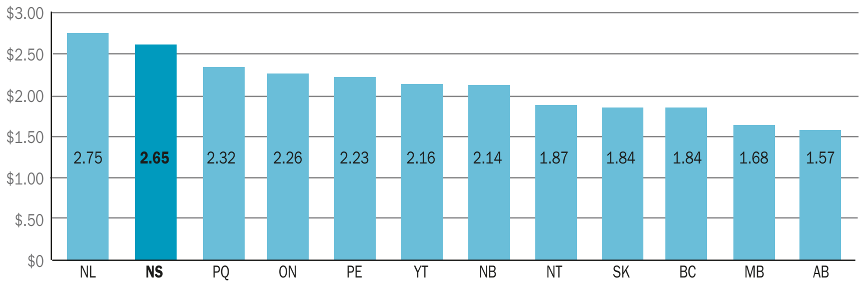
compensable time-loss claims



	2006	%	**2007**	%
1 Halifax Regional Municipality	3,404	41.1%	**3,328**	**40.4%**
2 Central & North Shore	1,804	21.8%	**1,798**	**21.9%**
3 South Shore & Valley	1,763	21.3%	**1,798**	**21.9%**
4 Cape Breton	1,257	15.2%	**1,255**	**15.2%**
Other	46	0.6%	**51**	**0.6%**
Total	8,274	100.0%	**8,230**	**100.0%**

Targeted Average Assessment Rate

all provinces, per $100 of assessable payroll, 2006



Assessable Payroll by Industry

for Nova Scotia, 2007

	Assessable Payroll ($ millions)	% of Total Assessable Payroll	Number of Claims Registered	% of Claims Registered (Non Self Insured)
Health/Social services	1,407.0	17.2%	5,571	18.6%
Manufacturing	1,281.3	15.7%	5,842	19.5%
Retail trade	1,075.3	13.1%	3,432	11.5%
Construction	802.5	9.8%	2,912	9.7%
Wholesale trade	675.1	8.2%	1,900	6.3%
Business services	457.1	5.6%	712	2.4%
Government services	450.8	5.5%	1,362	4.5%
Transportation/Storage	444.8	5.4%	1,392	4.7%
Accommodation/Food/Beverage	432.6	5.3%	2,292	7.7%
Communications/Utilities	336.5	4.1%	751	2.5%
Other services	276.3	3.4%	997	3.3%
Fishing/Trapping	169.4	2.1%	416	1.4%
Real estate/Insurance agents	87.6	1.1%	239	0.8%
Mining/Quarries/Oil wells	80.3	1.0%	179	0.6%
Educational services	64.2	0.8%	97	0.3%
Agriculture/Related services	54.7	0.7%	240	0.8%
Logging/Forestry	48.4	0.6%	184	0.6%
Finance/Insurance	30.0	0.4%	21	0.1%
Unknown	0.0	0.0%	1,413	4.7%
Total	**$8,174.0**	**100.0%**	**29,952**	**100.0%**

Age at Injury Date

compensable time-loss claims

	2006	%	**2007**	%
Less than 20	176	2.1%	**266**	**3.2%**
20 to 24	697	8.4%	**633**	**7.7%**
25 to 29	687	8.3%	**698**	**8.5%**
30 to 34	900	10.9%	**830**	**10.1%**
35 to 39	1049	12.7%	**933**	**11.3%**
40 to 44	1247	15.1%	**1206**	**14.7%**
45 to 49	1330	16.1%	**1381**	**16.8%**
50 to 54	1111	13.4%	**1095**	**13.3%**
55 to 59	706	8.5%	**775**	**9.4%**
60 to 64	311	3.8%	**354**	**4.3%**
65 or older	60	0.7%	**59**	**0.7%**
Total	8,274	100.0%	**8,230**	**100.0%**

Part of Body

compensable time-loss claims

	2006	%	**2007**	%
Back	2,743	33.3%	**2,642**	**32.1%**
Multiple Parts	719	8.7%	**731**	**8.9%**
Shoulder(s)	725	8.8%	**670**	**8.2%**
Leg(s)	674	8.1%	**651**	**7.9%**
Fingers	550	6.6%	**537**	**6.5%**
Arms(s) (above wrist)	362	4.4%	**374**	**4.5%**
Ankle	363	4.4%	**369**	**4.5%**
Wrist	335	4.0%	**342**	**4.2%**
Hand (does not include fingers)	280	3.4%	**299**	**3.6%**
Foot (does not include toes)	228	2.8%	**224**	**2.7%**
Neck	218	2.6%	**208**	**2.5%**
Chest	177	2.1%	**187**	**2.3%**
Pelvic Region	161	1.9%	**168**	**2.0%**
Face	149	1.8%	**138**	**1.7%**
All other	590	7.1%	**690**	**8.4%**
Total	8,274	100.0%	**8,230**	**100.0%**

Claims Registered by Firm

for Nova Scotia, 2007

Number of Firms	Number of Claims Registered 2007	% of all Firms	Number of New Claims Registered	% of New Claims Registered
12	200 or more	0.06%	5,980	18.67%
41	100 or more	0.22%	9,930	30.99%
90	50 or more	0.48%	13,194	41.18%
197	25 or more	1.06%	16,709	52.15%
504	10 or more	2.71%	21,373	66.71%
1,016	5 or more	5.47%	24,715	77.14%

Nature of Injury

compensable time-loss claims

	2006	%	**2007**	%
Sprains, Strains	5,031	60.7%	**4,420**	**53.7%**
Other traumatic injuries and disorders	1,006	12.2%	**1,369**	**16.6%**
Fractures, Dislocations	512	6.2%	**524**	**6.4%**
All Other	377	4.6%	**480**	**5.8%**
Cut, Laceration, Puncture	445	5.4%	**464**	**5.7%**
Inflamed Joint, Tendon, Muscle	342	4.1%	**385**	**4.7%**
Contusion, Crushing, Bruise	296	3.6%	**298**	**3.6%**
Burns	100	1.2%	**142**	**1.7%**
Digestive system diseases and disorders	84	1.0%	**84**	**1.0%**
Nervous system and sense organs diseases	81	1.0%	**64**	**0.8%**
Total	8,274	100.0%	**8,230**	**100.0%**

Appeals Filed

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

	2006	%	**2007**	%
Claims Registered	31,810	100.0%	**32,038**	**100.0%**
Appeals filed	194*	0.61%	**213**	**0.66%**

* 2006 has been restated from 66 to 194

Compensable Time-Loss Claims and Injury Frequency by Industry

per 100 covered workers

	2006	Injury Frequency	**2007**	**Injury Frequency**
Health/Social services	1,739	3.9%	**1,704**	**3.8%**
Manufacturing	1,338	3.3%	**1,348**	**3.4%**
Retail trade	940	1.9%	**911**	**1.8%**
Government services	772	2.4%	**817**	**2.5%**
Construction	775	3.4%	**762**	**3.3%**
Accommodation/Food/Beverage	546	2.2%	**591**	**2.3%**
Wholesale trade	457	2.0%	**494**	**2.2%**
Transportation/Storage	478	3.7%	**470**	**3.8%**
Communication/Utilities	350	1.9%	**305**	**1.7%**
Other services	270	2.1%	**260**	**2.2%**
Business services	171	0.9%	**170**	**0.8%**
Fishing/Trapping	224	5.0%	**144**	**3.4%**
Real estate/Insurance agents	49	1.6%	**65**	**1.9%**
Agriculture/Related services	56	3.0%	**63**	**3.0%**
Logging/Forestry	58	3.7%	**61**	**4.2%**
Mining/Quarries/Oil wells	33	1.3%	**40**	**2.0%**
Educational services	15	0.6%	**23**	**0.9%**
Finance/Insurance	3	0.3%	**2**	**0.3%**
Total	8,274	100.0%	**8,230**	**100.0%**

*Injury Frequency does not include Self Insured Firms
*Total Compensable time-loss claims does include Self Insured Firms

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