WORK SAFE. FOR LIFE.
WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

Together for safety

Workers' Compensation Board of Nova Scotia **Annual Report** **2012**

Our Vision

Nova Scotians – safe and secure from workplace injury.

Our Mission

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

On December 21, 2012, Marilyn More, Minister of Labour and Advanced Education, and Stuart MacLean, CEO of the WCB, travelled to Cornwallis, Nova Scotia to present Acadian Seaplants President, Jean-Paul Deveau and his team with the Mainstay 2012 Safety Award of Excellence, the highest workplace safety honour in Nova Scotia. A large number of Acadian Seaplants' employees were gathered for the celebration, some having travelled across the province, to be a part of the award presentation and the group photo. Safety officers were on hand to secure the area and remove any potential hazards prior to the photo being taken.

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Year at a Glance

(Dollar amounts in Millions)	2012	2011	2010
Number of Covered Employers (Assessed and Self Insured)	18,800	18,800	18,800
Percentage of Labour Force Covered (Assessed and Self Insured)	71	72	72
Number of Claims Registered	26,422	27,786	28,002
Number of Compensable Time-Loss Claims Registered	6,341	6,616	6,921
Duration Index	99	98	98
Targeted Average Assessment Rate (per $100 of assessable payroll)	$ 2.65	$ 2.65	$ 2.65
Actual Average Assessment Rate	$ 2.65	$ 2.67	$ 2.68
Assessable Payroll (billions)	$ 9.5	$ 9.4	$ 9.1
Assessment Revenue	$ 291.8	$ 290.0	$ 282.6
Investment Income	$ 116.5	$ 15.9	$ 83.6
Administration Costs	$ 45.6	$ 44.1	$ 44.5
Legislated Obligations	$ 11.9	$ 11.7	$ 10.2
Claims Costs Incurred	$ 199.6	$ 194.0	$ 189.6
Comprehensive Income (Loss)	$ 62.2	$ (65.5)	$ 1.1
Assets (billions)	$ 1.2	$ 1.1	$ 1.1
Liabilities (billions)	$ 1.8	$ 1.7	$ 1.7
Percentage Funded Ratio	66.4%	61.7%	63.8%
Timeliness of First Payment to Injured Workers (percentage of payments made within 15 days of injury – 12 month average)	76.5%	77.8%	79.0%
Injury Rate: Time-Loss Claims per 100 Covered Workers	1.96	2.02	2.13

- A time-loss injury rate of 1.96 marks a 31 per cent reduction in injury's impact since 2005.
- Injured workers aged 50 years or older comprised 36 per cent of all time-loss claims in 2012 – up from 19 per cent in 2002.
- The gender gap is narrowing for time-loss claims – females accounted for 44 per cent of all time-loss claims in 2012 compared to 35 per cent in 2002.
- The injury rate in Retail, the province's third largest sector, fell notably from 1.50 in 2011 to 1.29 in 2012.
- The actual total comprehensive income for 2012 was $62.2 million – $68.0 million more than was forecasted in the funding strategy.

Progress Through Relationships

When it comes to prosperity and well-being, the true measures that matter often come down to relationships.

No one person, no one organization, is an island, unto themselves – regardless of who they are, regardless of their expertise at what they do. Overall, a valuable contribution to reducing the impact of workplace injury in this province can only happen through constructive relationships with others.

This principle, and the intrinsic value of working with others in a constructive way, underlines both theory and best practice in governance, in public administration, in business and even in life. And it has never been more fundamental to progress at the WCB – not only for its place in our own strategic themes, but across the System and those it serves.

Clearly, with a time-loss injury rate below 2.0 injuries per 100 covered workers, continued progress in reducing the number of days lost to workplace injury, positive financial returns, an engaged employee base, and satisfactory service surveys from both workers and employers, there are many numerical results which are very encouraging in 2012. But the most encouraging step forward is one that is difficult to measure

in a numeric way. It is the increasing sense of collaboration, dialogue, and constructive discussion, founded in a shared belief that the impact of workplace injury on the fabric of Nova Scotia must continue to be reduced.

Perspectives and priorities differ widely, of course, on how that impact should be reduced. Workers, employers both large and small, healthcare providers, safety associations, organized labour – they each believe something slightly different with regard to how the impact of workplace injury can best be mitigated. And what is beginning to change is that these many voices are not just arguing, but having helpful debates where perspectives, different though they may be, are shared for an outcome that benefits the cause as a whole.

In our oversight governing role of the Workers' Compensation Board, the consideration of these various viewpoints is fundamental to what we do. We are structured with a balance of worker and employer input for this very reason. In 2012, we were truly encouraged to see progress in relationships, both with government, and in the many constructive conversations held with groups across province on important topics this year.

There was significant work toward a new and refreshed strategy for workplace safety in this province, which serves as a great example of how we can successfully share perspectives toward a common objective. We were very encouraged by the contributions of so many Nova Scotians to this process and we are very optimistic about the potential for improvement that the strategy represents for the next five years. Alongside this process, through discourse and active participation, our relationship with the Occupational Health and Safety Advisory Council was enriched in 2012. Beyond the safety strategy work, our relationships with our colleagues in government matured, fostering a sense of respect and communication that will be important as we navigate changes in the years to come; whether those changes stem from strategy, policy, legislation, or the ever-present backdrop of population health, economic and demographic realities.

In the third year of our 2010-2014 Strategic Plan, there was significant progress toward all of our strategic themes. Prevention and return to work both saw significant gains. Based upon extensive consultation with workers and employers, several enhancements to the rate assessment structure were announced in 2012 which are designed to encourage safer behaviour in workplaces. There was continued engagement and outreach within the province's largest workplaces, demonstrating again how productive relationships are moving us toward the achievement of shared objectives for injury reduction and safe and timely return to work. Our relationships also grew and matured with safety associations as we worked together in new ways, standing side by side to reach out to communities to promote workplace safety. These efforts were supported by behaviour-based messaging as part of a social marketing campaign targeting the workplace injury type that occurs most often – back injury.

We increased our capacity to improve service by developing a better understanding of the needs of small workplaces, improving the experience of those we serve, and enhancing the internal appeal process.

The financial markets achieved a positive level of return after several challenging years, contributing to a net financial gain. Together with return-to-work increases and improvements in such measures as the cost of extended earnings replacement benefits, this progress is contributing to our financial sustainability.

Most importantly, the year was defined by progress in achieving closer engagement of workplaces and the people within them, and new, more informed, more productive relationships with stakeholders. As noted above, these conversations and new ways of working together will help to move us forward.

The Board members are: Elaine Sibson, Chair; Stuart MacLean, Chief Executive Officer; Chris Power, Deputy Chair; Hugh MacArthur, Worker Representative; James Melvin, Employer Representative; Janet Hazelton, Worker Representative; Phillip Veinotte, Employer Representative; John Amirault, Employer Representative; David Thomson, Employer Representative; Betty Jean Sutherland, Worker Representative; Dean Tupper, Worker Representative.

In the end, 2012 was a year of real progress at the WCB. In the first year under the leadership of CEO Stuart MacLean who assumed the role permanently in January 2012, the organization continued along its strategic path toward the achievement of its goals. Stuart is a passionate and inspiring safety champion and it is fitting that under his leadership we reached a turning point in the time-loss injury rate, reaching below two workers per 100.

We also said goodbye to Deborah Ryan, who left the Board after seven years of dedicated service, to this organization and to the province. Her many contributions as employee representative added to our progress and we extend her thanks and wish her well. We are also pleased to welcome Dean Tupper, who joined us as an employee representative in October 2012.

It is a privilege to serve on the Board of Directors of the Workers' Compensation Board. While at times challenging, as in any role, there is a sense of progress and accomplishment. We feel the work our organization does is making a difference. The work of the leadership and employees of the WCB, who remain motivated and inspired in their task, is doing nothing short of changing the future of our province. Each of us around the board table fundamentally believes this, and it is something in which we take a great deal of pride. It is that dedication and focus, and collaborating with others, that will continue to move us forward.

And we must continue our progress, for there is much to do. One must only look at the 32 fatalities in 2012 for a powerful reminder of the tragic legacy of workplace injury in this province.

Our continued journey forward means continuing to channel the positive energy and momentum created by the work we do into relationships where it can be made even more powerful. This takes many more voices than we have the ability to influence ourselves.

We challenge leaders and organizations across Nova Scotia to join the cause and to add a constructive voice to the growing call for continued progress toward a real safety culture – one that honours the intrinsic value in the work Nova Scotians do across this province every day.

WCB Board of Directors

In 2012, we were truly encouraged to see progress in relationships, both with government, and in the many constructive conversations held with groups across the province on important topics this year.

Together for return-to-work partnerships

Morgan Stobbe is an inspirational example of a return-to-work success story. Morgan suffered a catastrophic injury on September 22, 2010, when his arm was crushed due to a mechanical failure and had to be amputated. Morgan doesn't consider himself remarkable, but his approach to his situation certainly is. Morgan returned to work in just nine months. This was made possible by the collaborative efforts of Morgan, WCB Case Manager, Niko Mitsiopoulos, and Cherubini Metal Works Human Resources Manager, Jane Little. "The thought of not going back to work never crossed my mind," says Morgan. "But I got back sooner because the WCB and Cherubini recognized I was ready to be productive and made it happen. I also wouldn't have made it through without the amazing support of my girlfriend, family and friends. Now my goal is to help others avoid a situation like mine and in my new role I get to do that. My artificial arm sends a pretty strong message of the dangers in the workplace and people listen to what I have to say." Morgan is now a Safety Officer with Cherubini Metal Works.

Together for fishing safety

Lobster fisherman and industry leader Leonard LeBlanc (foreground) and Patrick Timmons, LAB Fishing Company Ltd. wear inflatable PFDs while they work aboard Leonard’s boat. Leonard helped to organize a media event in Cheticamp at the opening of the local crab season in July. Lobsterman and local diver Alfred Deveau (insert) demonstrated how an inflatable PFD works by jumping in the water, much to the appreciation of the crowd that had gathered. The event generated front-page coverage for safety, and it was one of several examples throughout 2012 of the WCB bringing a safety message directly to communities, together with our partners.

Together in Safety

This is a time of great progress, great challenge and great opportunity for workplace safety in Nova Scotia.

It gives me great pleasure to be able to report on the work of the WCB in 2012. Overall, this has been a productive and rewarding year, as evidenced by the fact that we have made improvements in all four areas of our balanced scorecard: service and governance, operations, financial and employees. We've reached an important stage in our journey toward a strong and vibrant safety culture. Today we can look back at the significant progress Nova Scotia has made, and because of that progress, we can also look forward with confidence to a future that is defined by fewer injuries and fewer lives impacted. However, we must remember that 32 people died in Nova Scotia in 2012 – either while at work, or, as a result of a chronic condition or industrial disease.

At the beginning of 2012 the WCB committed to working with our partners in government, safety associations, worker, employer, labour and business groups and healthcare providers to reduce workplace injuries and support a safe and timely return to the workplace. Our collaborative efforts have been rewarded: the injury rate in Nova Scotia reached 1.96 injuries per 100 workers – the lowest since we began measuring this way in 1996. As well, the number of days lost to injury declined by over 19,000 days.

Once again, we saw a decline in the number of workers who go on to receive long-term benefits. The accompanying costs also continue to decline. This result can be attributed to focused efforts by workers and employers, investments in return-to-work programs, healthcare strategies, and the success of ongoing injury prevention efforts in workplaces across the province. The percentage of injured workers who returned to full employability was ahead of target for 2012 at 96 per cent.

Year over year, workplace safety in Nova Scotia has improved. But some measures do vary from our initial expectations. As injuries are prevented, the mix of claims continues to change, and there are proportionately more high-risk claims remaining in the system – claims which are expected to have longer recovery periods. While we made significant progress, the number of days lost due to injury is not as far ahead as we projected at the start of the year. In turn, this affects the year-end forecast for the composite duration index – a complex measure of on average how long workers are off work due to injury. In the end, while there was continued progress with regard to return to work, we did not achieve our year-end target for the composite duration index.

As part of our ongoing efforts to support health and safety improvements, during the year we took decisive steps to position the WCB to better fulfill its dual mandate to provide workplace injury insurance, and to support injury prevention and the safe and timely return to productive work. We honoured annual observances like the Day of Mourning, the 20th anniversary of the Westray mining tragedy, and North American Occupational Safety and Health (NAOSH) Week to highlight and encourage action to address persistent safety issues, focusing on industries where injuries and fatalities are more prevalent.

Together with our partners, we launched the Back Protection Agent campaign, advancing our social marketing efforts to focus on the number one time-loss injury reported in Nova Scotia. We integrated this campaign with our workplace outreach efforts and introduced back injury protection techniques to hundreds of workers in their own workplaces. We also engaged young workers, parents and employers in a multi-faceted conversation about safety that helped raise awareness and understanding about the risks young workers face as they enter the workforce. We worked with safety partners to develop programs and activities to raise awareness about injuries in specific industries like fishing, construction, healthcare and trucking.

We expanded our efforts to improve service to workers and employers and began looking at our business in a way that more fully considers their unique needs. We introduced enhancements to our assessment rate model to make it more responsive to individual employer efforts to improve workplace safety, and to ensure that fatalities have a bigger, and therefore, more appropriate impact on rates. And we held significant conversations about our appeal process, resulting in planned changes that will set us on a path toward improving our service in a significant way.

These achievements are due in large part to the strong and growing spirit of cooperation that exists between employers, workers, government, safety associations, advocates, business groups and the WCB. Together we have identified the common ground that will serve as the foundation for our work going forward: improved workplace safety benefits everyone.

The WCB is still on track to retire the unfunded liability in about 10 years. Our rate of return for 2012 was favourable and above target, but our five-year rate reflected the volatility of financial markets, performing at 2.9 per cent versus a target of 3.7 per cent. We performed ahead of our target for administration costs and as always we will continue to manage these budgets prudently in the coming year.

One of our most important efforts in 2012 has been our collaboration with the Nova Scotia Department of Labour and Advanced Education to develop a renewed Workplace Safety Strategy that will support our vision and guide our efforts over the next five years. This strategy is a roadmap to help Nova Scotia become the safest place to work in Canada. While it represents the input and feedback of hundreds of stakeholders, bringing the strategy to life will require more than just endorsement or even participation. It will require each and every Nova Scotian taking ownership and responsibility for seeing it done. Imagine what we will achieve when we all become signatories, adopt the strategy as our own, and turn words into action in every workplace in Nova Scotia.

It has been my pleasure and privilege over the past year to meet and work with many passionate and committed safety leaders. Many of those leaders serve on our Board of Directors and work in our offices in Halifax and Sydney. Many others work on shop floors, serve on Joint Occupational Health and Safety Committees or volunteer as workplace safety wardens. In fact I've encountered safety leaders just about everywhere: in government departments, on construction sites, in hospital rooms, driving trucks, and teaching in classrooms. What I've learned is this: you don't have to have a big title or an advanced certification to be a safety leader. You just have to believe in your own ability and take action to make your workplace safer.

The WCB is ready to support those individual and collective efforts. In 2013, we will continue to advance our service model to better meet the unique needs of workers and employers. We will work with our partners to promote positive, sustainable safety improvements across the province and in specific industries that experience persistent safety issues. We will work with the Nova Scotia Department of Labour and Advanced Education and the broader safety community to bring our new Workplace Safety Strategy to fruition. And we will continue to work closely with workers, employers and healthcare providers to prevent injuries and support a safe and timely return-to-work.

We still have much work to do. But I'm confident that we *can* do better. I believe that we *can* achieve a future where workplace injuries and fatalities are the exception. I believe Nova Scotia *can* be the safest place to work in Canada, and I believe that by working together we *will* achieve remarkable results.

In closing, I would like to encourage all Nova Scotians to think about the things that they can do to improve workplace safety and reduce the impact of injury – and then commit to taking action.

Together we will make Nova Scotia a safer place to work.

Stuart MacLean
Chief Executive Officer

Together for workplace safety

Over the past year, the Nova Scotia Department of Labour and Advanced Education and the WCB have been facilitating a process that saw hundreds of Nova Scotians across the province participate in extensive consultations to provide input into a new Workplace Safety Strategy. At one of these meetings, Mark Fleming, CN Centre for Occupational Health and Safety, Saint Mary's University, discusses details of the draft framework for the proposed Workplace Safety Strategy. The Strategy will provide a roadmap for all partners in safety to make Nova Scotia the safest place to work in Canada.

Together for inspiration

The WCB Annual Inspire Award recognizes an individual who embodies the WCB's corporate brand through their performance, attitude, and behaviour by consistently exceeding customer and/or colleague expectations. It means living the organization's corporate values through actions and words every day. Cindy Shupe, Workplace Consultant, Manufacturing Integrated Service Team was the 2012 recipient of the Annual Inspire Award for her embodiment of compassion and commitment for the WCB. The respect and gratitude of her colleagues and the employers and workers she has dealt with over her career are a testament to her values and work ethic. (L-R) Chris Tanner, Climate Technical Gear (formerly Helly Hansen) and Cindy Shupe.

Seeking to Understand Service Issues

I take complaints about the WCB's service seriously. My role is to listen to concerns workers and employers bring to my attention, investigate these concerns thoroughly and respond in a timely manner. I am not directly involved in making claims decisions for workers or assessment decisions impacting employers so I can offer an objective assessment of issues.

Over the past year I have had the opportunity to talk to many workers, employers and their representatives about their experiences in dealing with the WCB. Each conversation provides insight into how our service is perceived and how we may improve to better meet the needs of Nova Scotians.

In 2012, as in past years, the vast majority of complaints were filed by injured workers and their representatives. The number of formal complaints about our service continues to be low relative to the overall number of claims the WCB manages annually.

There were 37 complaints, primarily in the areas of communications and timeliness. Of these, I found 22 complaints to be substantiated or partially substantiated and this number is consistent with previous years. Most often complaints involved appeal decisions from Internal Appeals or the Workers' Compensation Appeals Tribunal that had not been implemented in a timely fashion. Another significant area of complaint is that case workers did not return phone calls promptly enough to meet the expectations of workers.

In many cases injured workers reach to their MLA for assistance before contacting my office. I have had the pleasure of getting to know MLAs and the very capable staff working in constituency offices throughout the province as we work together to address these issues. I appreciate that workers' compensation is only one of a myriad of issues dealt with by these constituency offices so I strive to make connecting to the WCB to resolve complaints straightforward and uncomplicated.

I look forward to continuing to provide assistance to injured workers and employers in the coming year.

Tim McInnis
Client Relations Officer

Plans and Progress

In the third year of our 2010-2014 strategic plan, the WCB continued to realize the benefits of our maturing relationships with those who share our goals for a Nova Scotia with a reduced impact of workplace injury.

Our operational results show significant and consistent progress – from the number of people injured on the job, to the reduction in days lost to workplace injury, to the encouraging financial returns from the marketplace, to our motivated and engaged employees.

Overall, our positive results in 2012 reflect a growing spirit of collaboration with government, safety associations,

Balanced Scorecard Measures

	Actual '11	Actual '12	Target '12	Target '13	Target '17
Service/Governance					
Worker Satisfaction Index[1]	74%	73%	70%	70%	70%
Employer Satisfaction Index	79%	77%	70%	70%	70%
Stakeholder Engagement Index[2]	N/A	68%	70%	N/A	N/A
Operations					
Time-loss Injuries per 100 Covered Employees	2.02	1.96	2.01	1.90	1.68
Duration – composite, in days	98	99	97	99	94
Time-loss Days Paid per 100 Covered Employees	238	235	237	226	186
Cost of New Extended Earnings Replacement Benefits ($M)	$64.5	$52.9	$64.1	$51.3	$52.4
Return to Employability	95%	96%	95%	96%	96%
Employee					
WCB Employee Satisfaction Index	73%	74%	70%	70%	70%
Financial					
Claims Payments for the Last 3 Years per $100 of Assessable Payroll	$0.701	$0.704	$0.690	$0.683	$0.636
Administrative Costs per $100 of Assessable Payroll (excluding prevention costs)	$0.39	$0.34	$0.38	$0.38	$0.41
Return on Investment			Benchmark Portfolio Return +1%	Exceed Benchmark Portfolio Return[3]	
Five-year Rate of Return	1.2%	2.9%			
Five-year Target	2.1%	3.7%			

1 *The Worker Satisfaction Index does not include workers on long-term benefits or those with claims for little or no time-loss.*
2 *Results for the Stakeholder Engagement Index are reported every two years. The next survey will be conducted in 2014 and every two years thereafter targeted at 70%. The result for 2010 was 67%.*
3 *As of January 1, 2013, this target was changed from Benchmark Portfolio Return+1% to Exceed Benchmark Portfolio Return.*

advocacy groups, healthcare providers, and workplaces, including the workers and employers within them. The accomplishments of 2012 demonstrated real progress and an unwavering shared resolve to reduce the impact of injury.

Progress toward our corporate goals is measured with a balanced scorecard, which tracks our results according to a series of performance indicators in four quadrants: Service/Governance, Operations, Employees and Financial.

In 2012 we achieved significant improvements, most notably in the key areas of injury prevention and return to work. Time-loss workplace injuries in Nova Scotia declined by 4.2 per cent to 6,341 (the total number of time-loss injuries), and our injury rate has dropped to 1.96 – the lowest rate in this province since time-loss claims have been measured in this way.

This result continues the trend of improvement that has led to a 22 per cent decline in workplace injuries overall and 31 per cent among serious injuries since 2005.

The total number of days lost to injury declined by over 19,000 days in 2012 – significant progress, but not quite as much progress as we had planned for. On the other hand, the complex, industry-standard measure of time workers are away from work following an injury – Composite Duration Index – increased slightly from the previous year, and is behind our target. With regard to return to work, improvement is slower than we anticipated, largely due to our changing claims mix, with more reductions in volume than anticipated coming from the more straightforward claims.

There is strong and measurable progress to report in all four quadrants of our balanced scorecard. This section outlines this progress by quadrant – including our measures of success in each, the numerical performance, and the outlook of what is to come.

Service and Governance

Service Delivery Improvements

During 2012 the WCB advanced our key strategic priority to improve service by exploring opportunities to better meet the specific needs of workers and employers.

Small and medium workplace service exploration

As we evolve our services and continue our mission to reduce the impact of workplace injury in Nova Scotia, we are working to better understand the needs of small and medium-sized workplaces to determine the tools and services required to meet their needs. In 2012, we gathered significant input and ideas from small and medium-sized workplace stakeholders, as well as our employees who provide service to them. By looking at how we do business today, and how we can do it better, we developed a high-level approach that identifies service gaps to address. In the coming years, we will look for opportunities to integrate the service improvements that we have identified into all of the other initiatives and operational activities we undertake.

Internal appeals review

In 2012, guided by a partnership approach, we led a review of the WCB's role in the workers' compensation appeals system to explore opportunities to resolve issues earlier in the process and mitigate appeals. With stakeholder input, we developed and have started to implement some key improvement initiatives that will not only support early resolution of issues but will also provide support to our employees to better meet the service expectations of workers and employers. The improvements include introducing coaches to support return-to-work focused case workers, making claim decisions easier for workers and employers to understand and adopting a more collaborative approach to resolving issues and appeals as early as possible.

Rate Enhancements

In September 2012 the WCB announced the 2013 assessment rates and introduced five enhancements to the rate-setting model. The enhancements, developed with the input of many stakeholders across the province, are an evolution of the assessment rate model and a natural extension of the Safety Incentive Program, which includes the Surcharge Program.

The enhancements include rating formula changes that increase the impact a fatality has on an employer's experience rating, removal of surcharge warning periods for employers who return to a surcharge position after improving for less than three years, and changes to the demerit structure to increase responsiveness of the experience rating system.

In addition, two rate changes provide further financial incentive for safety. The conditional surcharge refund provides an incentive for employers to invest in health and safety. Surcharges may be refunded in cases where approved investments in health and safety are made.

Finally, practice incentive rebates will provide employers who implement effective health and safety systems based on an independent, WCB-approved assessment of their system – either the new WCB Safety Certified accreditation or Nova Scotia Construction Safety Association's Certificate of Recognition – with rebates of a portion of their WCB premium. These rebates will be offered initially as a pilot program to employers in the trucking and construction industries. The program is intended to be expanded to include other industries in subsequent years.

WCB Safety Certified

As mentioned above, the WCB has re-branded our safety accreditation program. It is now called 'WCB Safety Certified.' The change allows for a distinction between WCB certification and the Certificate of Recognition offered by the Nova Scotia Construction Safety Association.

The WCB Safety Certified audit measures the effectiveness of a workplace's health and safety management system across 22 elements. These include areas such as management commitment, training, inspections, hazard assessments, safe work practices and procedures.

Third-party certification helps ensure that companies have an effective, objectively assessed system in place to prevent worker injury.

Technological enhancements

Throughout 2012 the WCB built upon foundational strategic work in establishing a long-term vision for our technology and enterprise computing needs. The WCB is moving toward a more collaborative, fluid and current technology platform that offers the Microsoft Suite including Sharepoint and related technologies. As we continue this foundational work in building the right solution for the ever changing world in which the WCB operates, we will consistently review all of our service evolutions for opportunities to better leverage current technologies, informed by vision, mission, values and a strategic approach to e-business.

Privacy

The WCB works every day to keep Nova Scotians safe and secure at work. Maintaining injured workers' privacy is an important part of keeping them safe and secure.

In 2011, the Nova Scotia Privacy Review Officer provided recommendations following an assessment of the WCB's privacy policies and practices. Throughout 2012, we worked to implement these recommendations with a goal of enhancing our processes and continuing to build a strong culture of respect and protection of injured worker personal information.

This work resulted in the development of a foundational privacy framework for the WCB, including two administrative policies: the WCB Personal Information Privacy Policy and Privacy Breach and Complaint Protocol. These policies are now available on our corporate website, along with *A Worker's Guide to Privacy Protection at the WCB* to help injured workers understand their privacy rights, how the WCB collects and uses their personal information, and the WCB's commitment to protecting their privacy. Additional internal processes, tools and materials are also in place to remind WCB employees of the importance of maintaining privacy every day and to support our ongoing efforts for effective privacy breach prevention and management.

New occupational medicine courses

The WCB was pleased to partner with WorkSafeNB, the Workers Compensation Board of Prince Edward Island and Dalhousie University Continuing Medical Education to increase accredited online learning options in occupational medicine to Maritime doctors. The Maritime Occupational Medicine Continuing Medical Education (MOMCME) Alliance provides courses not only to physicians, but also to all stakeholders with a vested interest in occupational medicine, including occupational therapists, physiotherapists, chiropractors, case managers, workers and employers.

External outreach

In 2012, we continued to reach out to the community in various ways. Our executive team and directors are active on a number of external groups within the community. This work promotes the business goals of the WCB by being a catalyst to enhance the safety culture in the province. It also increases the understanding of the benefits of injury prevention and return to work, builds trust in the community and helps the public understand the shared responsibility working Nova Scotia has in becoming a safer province to work in.

Areas of focus for 2012 included strengthening relationships with safety organizations, healthcare providers, employer associations, organized labour, community groups, injured worker groups and system partners. These groups were consulted on WCB initiatives throughout the year.

Workplace Safety Strategy
A major accomplishment in 2012 was the WCB's partnership with the Nova Scotia Department of Labour and Advanced Education, in creating a 2013-2017 Workplace Safety Strategy for Nova Scotia. The new strategy lays out a five-year plan to make Nova Scotia workplaces safer, with a vision for our province to become the safest place to work in Canada. This involved significant consultation with workers, employers and other safety leaders across the province.

The Strategy will officially launch in early 2013.

2012 Policy Agenda
In 2012, the Board of Directors took action on the following program policy items:

- Approved final revisions to increase living cost allowances in the *Vocational Rehabilitation Travel* policy.
- Approved a new *recurrence of compensable injury* policy that outlines the criteria and questions the WCB considers when determining if a worker has suffered a recurrence of their original compensable injury.
- Approved a series of assessment rate setting policies (revisions to existing and new policies) in support of the WCB's enhancements to the rate-setting model.
- Added the issue of clarification of the term "contractor" to the policy agenda to ensure the intent of the WCB's policy on *Coverage for Contractors and Subcontractors which Employ Less than Three Workers* remains intact to provide further clarity.

Service and Governance: Measures of Success

Four times each year, we ask injured workers and employers to rate the services they receive from the WCB.

We use that information to identify service issues and make improvements. Approximately 1,500 injured workers and 1,000 employers are contacted annually through these surveys. The survey results allow us to calculate a satisfaction index for each group and track our performance against our annual target. In 2012, both our injured worker and employer satisfaction indices were above target.

Every two years we conduct a similar survey of key stakeholder groups – safety associations, industry associations, labour representatives, and others – to help determine the effectiveness of our working relationships. In 2012 our Stakeholder Engagement Index was 68 per cent, just slightly below the target of 70 per cent, underscoring the importance of a long-term approach to the development of stakeholder relationships.

Service and Governance: Performance

Service/Governance

	Actual '11	Actual '12	Target '12	Target '13	Target '17
Worker Satisfaction Index[1]	74%	73%	70%	70%	70%
Employer Satisfaction Index	79%	77%	70%	70%	70%
Stakeholder Engagement Index[2]	N/A	68%	70%	N/A	N/A

1 *The Worker Satisfaction Index does not include workers on long-term benefits or those with claims for little or no time-loss.*
2 *Results for the Stakeholder Engagement Index are reported every two years. The next survey will be conducted in 2014 and every two years thereafter, targeted at 70%.*

Service and Governance: Outlook

As we look toward 2013 and beyond, the importance of working together with others who share our goals has never been more important.

The launch of the new Workplace Safety Strategy will have significant implications for the WCB, our employees and our safety partners. The strategy articulates a vision to make Nova Scotia the safest place to work in Canada. It will build on the success of the past five years and will focus on building leadership, accountability, and partnerships while continuing to guide prevention improvements. This work will be underscored by ongoing prevention guidance through close working relationships with the many workplaces we serve, and by ongoing education in occupational health and safety.

Our ongoing work to reduce the long-term impact of workplace injury will continue. We must continue to see reductions in the time lost from work due to workplace injury. This goal is accomplished in a number of ways, such as the implementation of a coaching model to create better decisions, plain language decisions, refocusing our internal appeals process to ensure participation and resolve issues earlier, and increased partnership and outreach to the physician and healthcare community.

In 2013, the WCB will continue to focus on service enhancement. Feedback from workers, employers and stakeholders will drive operational service improvements on an ongoing basis. At the same time, the WCB will develop and adopt an organization-wide service philosophy to engage every employee in the pursuit of service excellence. Informed by rich conversations in 2012, seeking ways to improve service for small and medium enterprises will continue to be an important part of how the WCB does business.

Finally, we believe that one of the best investments we can make is in our people. Our plan to improve case management knowledge and capacity in 2013 will have a positive impact on the quality of claim decisions and is intended to help resolve issues earlier and as a result, reduce the volume of appeals. The WCB will also introduce plain language training to enhance our ability to write decisions in a manner that is easier for injured workers and employers to read and understand.

Operations

WCB Leadership Team: (L-R) Stuart MacLean, CEO; Wendy Griffin, VP, People and Planning; Shelley Rowan, VP Prevention and Service Delivery; and Leo McKenna, CFO

Executive team

The WCB senior leadership team continues to bring best-in-class stewardship to all areas of the organization.

Stuart MacLean was appointed CEO on a permanent basis in January, following several months acting in the role. Stuart brings 25 years of experience within the WCB to his role as one of the province’s lead safety and return-to-work champions.

Shelley Rowan became Vice President, Prevention and Service Delivery, taking on a new challenge after 15 years at the WCB. Shelley joined the WCB in 1998 and since then has helped the organization raise awareness and encourage action to reduce the impact of workplace injury.

Wendy Griffin joined the team in May as Vice President, People and Planning. Over her 15 years with the WCB, Wendy has held numerous roles leveraging her extensive experience in the areas of project management, strategic planning and stakeholder engagement.

Leo McKenna continues to serve as Chief Financial Officer. Since Leo's appointment in 1996, the WCB has improved its overall funding position from 45 per cent to 66 per cent.

Social marketing

In 2012, the WCB tackled the issue of sprains and strains and in particular, back injuries, which represented nearly one-third of all time-loss injuries. The campaign urged people to become "Back Protection Agents" by taking a pledge to be vigilant about hazards that contribute to back injuries and to have one another's backs. Not only were we supported by our safety partners at the Nova Scotia Department of Labour and Advanced Education and our Atlantic partners at the Workplace Health Safety & Compensation Commission in Newfoundland and the WCB of PEI, but we were able to celebrate a true Atlantic partnership when WorkSafeNB joined the group. The combined resources from the four workers' compensation agencies create cost-saving advantages, enabling our messages to receive even greater exposure in the region.

In addition to a mass media component, the Back Protection Agent Campaign has also been integrated with workplace outreach. The program supports and enables a new kind of conversation about back safety in workplaces, where some 2,000 Nova Scotians have been introduced to the idea of better understanding what they can do to keep backs safe at work.

The WCB also continued its work with young workers, evolving our ad-based campaign approach to a community-based model leveraging increased input from employers and workers, and a continued close alignment with the school system.

In partnership with the Nova Scotia Department of Labour and Advanced Education we recognized the annual Day of Mourning with a community-based social marketing campaign focused on fostering remembrance and recognition through an interactive site dayofmourning.ns.ca, a website customized for Nova Scotia from the original developed by WorkSafeBC and generously shared by that jurisdiction.

May 9, 2012 marked the 20th Anniversary of the Westray mine tragedy. The WCB commemorated this event publicly in partnership with Nova Scotia Department of Labour and Advanced Education. WCB executive and Board members attended the memorial ceremony in Pictou County, Nova Scotia.

2012 Mainstay Awards

The annual Mainstay Awards Program helps to ensure that exceptional efforts to improve workplace health and safety are appropriately recognized. Every year for the past four years, the program has recognized those individuals, organizations and employers whose efforts have moved Nova Scotia toward a safer future. Most importantly, the Mainstay Awards promote safer workplaces and that means more Nova Scotians can be assured of returning home safely at the end of the day. The awards are a joint presentation of the WCB and the Nova Scotia Department of Labour and Advanced Education.

Acadian Seaplants Ltd. of Dartmouth was awarded the highest safety honour in Nova Scotia – the *Safety Award of Excellence* for an organization. A total of nine awards within five categories were presented to individuals and organizations across the province that demonstrated a strong commitment and made a significant contribution to building a culture of workplace safety in Nova Scotia. The 2012 Mainstay Award winners are:

- *Safety Award of Excellence (Organization)*
  - Acadian Seaplants Ltd.
- *Individual Safety Champions*
  - Keith Robinson, MARCO Group
  - Mike O'Leary, Municipality of the County of Antigonish
  - Cecil Haughn, Hillside Pines HSC
  - Jane Power, Ivany Place, Northwood
- *Safety Transformation*
  - Oland Brewery
- *Employer Safety Champion*
  - Dave's Commercial Cleaning
  - Clearwater Seafoods Limited Partnership
- *Employer Return to Work*
  - Capital District Health Authority – Injury Prevention, Organization Health

Workplace Safety Learning
In 2012, we continued our work in the public school system providing workplace health and safety resources and support for teachers and students in grades 9 to 12. We also continue to sponsor and partner with a variety of external service providers so that teachers and students can continue to enjoy free access to learning resources including safety learning materials, as well as WHMIS and Emergency First Aid.

We also undertook significant new work for public schools. At the request of the province's OHS Advisory Council and in collaboration with Mr. Michael Stewart of Strait Regional School Board, we produced and distributed the lesson plan *Remembering Westray*. Designed for teachers and students in Grades 9 to 12 it sensitively explores a critical event in Nova Scotia history that continues to impact workplace health and safety. We also designed a new workplace health and safety resource for Grade 10 to 12 teachers at the Nova Scotia Virtual School, and began a pilot project to increase health and safety resources for teachers working with students with intellectual disabilities.

Continuing our work with adult educators and learners, the WCB facilitated new partnerships between the Nova Scotia Department of Education and the Nova Scotia Virtual School, the Occupational Health and Safety and Private Career Colleges Divisions of Nova Scotia Department of Labour and Advanced Education, and the Private Colleges Association of Nova Scotia. This resulted in the completion of a new online health and safety resource for private college instructors in Nova Scotia.

Legislative change
The Government of Nova Scotia introduced legislative change to the Workers' Compensation Act in 2012.

Section 35 of the *Workers' Compensation Act*, often known as "Automatic Assumption," was changed so that workers who receive benefits under this section may only have those benefits maintained or increased following re-assessment of their medical condition.

The WCB informed workers and stakeholders of this change in 2012.

Workplace Health and Safety Research
From investigating safety issues of safe clean up of cyto-toxic medications, to risk of needle stick to dental workers, to understanding best practices of formal and informal safety leadership, the WCB continues to support workplace health, safety and injury prevention research. In 2012 efforts included the cost-sharing of 14 ongoing research projects, the completion of a research communication strategy document, continued work with the province's Occupational Health and Safety Advisory Council, and the posting online of many of the 25 projects that the WCB has funded since 2004. Ongoing and completed WCB-supported research projects can be viewed by clicking on "Recent Research" under 'Preventing Injury' – 'Research' at wcb.ns.ca.

New CMO, improved relationships with physicians
The WCB was pleased to welcome Dr. David King back to Nova Scotia in 2012. Formerly a medical advisor with the WCB, Dr. King served 15 years as Chief Medical Advisor with WSCC Northwest Territories and Nunavut and also maintained a part-time practice in family and occupational medicine in Yellowknife before being recruited home.

In an effort to educate and build collaboration around safe and timely return to work, Dr. King worked to develop relationships with physicians and other medical service providers throughout 2012. For the first time, the WCB participated in Dalhousie University Continuing Medical Education's Family Physicians Medical Refresher learning event, and was able to connect with almost 100 physicians from across the province. Dr. King also contributes a monthly return-to-work-themed article to the Doctors Nova Scotia magazine.

New agreement with chiropractors
Thanks to negotiation, training and preparation work completed in 2012, the WCB has renewed and expanded our contract with chiropractors in Nova Scotia. Starting January 1, 2013, WCB-approved chiropractors became full participants in the Tier 1 service/return-to-work model. This means injured workers can directly access WCB-approved chiropractors for functional abilities assessments and return-to-work functional restorative services that are aligned with the WCB return-to-work model.

The year also marked the first full year of the refreshed Direct Access to Physiotherapy program, which was improved by a number of suggestions in late 2011, and continued to add significant value to the return-to-work process in Nova Scotia.

Fishing Safety
Conversations about workplace safety gained momentum in the fishing industry in 2012. In the most recent conference held by the Minister of Fisheries and Aquaculture, the minister made a strong and public

commitment to the importance of our work to improve safety in this industry.

Based upon feedback from the industry on the importance of face-to-face conversations, together with our partners including the Nova Scotia Department of Labour and Advanced Education, the Nova Scotia Fisheries Sector Council, and the Fisheries Safety Association, the WCB attended several fishing-related events throughout 2012. In wharf visits and demonstrations throughout the year, the partnership showed first-hand how personal flotation devices (PFD) save lives. We publicly commented on a Transportation Safety Board report, which inspired further public comment about the all too real risks fishers face on the sea. As always, we undertook social marketing campaigns specifically targeting fishermen, encouraging the use of flotation devices.

More than 30 Nova Scotians have drowned or been lost at sea over the past several years. The three fishing fatalities in 2012, the loss of a young lobster fisherman in January 2013, and the more recent tragedy in Woods Harbour underscore the incredible importance of this work continuing. We are committed to cultural change in this sector.

Soteria Strains

The WCB is working with the District Health Authorities, the IWK, and AWARE-NS to help prevent muscle strain injuries among employees in healthcare settings.

The new collaborative campaign between all of these organizations is known as Soteria Strains, named after the Greek goddess of safety. Its goal is a prevention program specifically for healthcare workers that will raise awareness and provide new tools. Sprains and strains account for 66 per cent of all time-loss claims.

Operations: Measures of Success

Thanks to the dedication of our employees and the commitment of workers, employers, health services providers and safety partners across the province, the WCB achieved nearly all of its operations targets in 2012.

The operational results of 2012 mark a significant turning point for Nova Scotia's workplace safety culture. A time-loss injury rate of 1.96 marks a 31 per cent reduction in injury's impact since 2005. While this is a positive milestone for the WCB, we must also remember we are still above the national average. Still 32 fatalities are a grim reminder of workplace injury's impact, whether immediate, or over an extended industrial disease.

Based on the most currently available national statistics, while industry coverage and other factors vary widely across the 11 workers' compensation jurisdictions, the injury rates range from 1.15 to 3.37, with an average of 1.76. Less than half of the jurisdictions have injury rates under 2.0. As the WCB reaches this milestone we must remember there remains much work to do.

Return-to-work progress also continues, aided by closer working relationships with the workplaces we serve and with stakeholders across the province. There was significant progress in 2012 with the reduction in the number of workers who required extended earning replacement benefits due to their injuries and the resulting cost on the System. Through the determination of workers and employers, supported by our teams and the work of health services providers, the time lost to injury was reduced by over 19,000 days – the equivalent of 52 person years. This momentum must be maintained as the WCB continues toward our strategic goals.

Operations: Performance

Operations

	Actual '11	Actual '12	Target '12	Target '13	Target '17
Time-loss Injuries per 100 Covered Employees	2.02	1.96	2.01	1.90	1.68
Duration – composite, in days	98	99	97	99	94
Time-loss Days Paid per 100 Covered Employees	238	235	237	226	186
Cost of New Extended Earnings Replacement Benefits ($M)	$64.5	$52.9	$64.1	$51.3	$52.4
Return to Employability	95%	96%	95%	96%	96%

Operations: Outlook

The WCB will continue to work with our partners to achieve measurable, sustained improvements in injury prevention and return to work in 2013.

We will work with workers, employers, partners, associations, advocates, healthcare providers, and our colleagues at the Nova Scotia Department of Labour and Advanced Education, to get even closer to workplaces in an effort to influence safe behaviours. In this spirit of collaboration we will identify and seek to address persistent safety issues, support targeted initiatives, and fulfill our role as a catalyst for positive change and improvement in both safety and return to work.

In recognition of the continued prevalence of soft tissue injuries, and particularly back injuries, the WCB will leverage our Back Protection Agent Campaign again in 2013 at the workplace and mass media levels to build on back injury volume improvements achieved in 2012. In an effort to support the advancement of effective return-to-work programs, we will explore opportunities to increase awareness, and we will continue to support workers and employers as they develop effective programs that support safe and timely return to work.

With the launch of the new Workplace Safety Strategy, WCB staff look forward to helping advance our province's renewed vision for workplace safety. With its emphasis on leadership, safety culture, education and training, small and medium-sized workplaces, inspection and enforcement and performance measurement and management, the strategy will provide opportunities for the WCB and its 400 internal safety champions to collaborate and innovate in exciting new ways.

The WCB will prepare to fulfill that role by making improvements to internal capacities, particularly in the areas of case management and first-level appeals. In 2013 the WCB will strive to make the appeals process less litigious by improving the quality of claims decisions and by making those decisions easier for workers and employers to understand. Overall we will examine our service philosophy and approach and ensure they are fully aligned with the needs of the people and organizations we serve.

Continued development of collaborative relationships with doctors and other health services providers is key to our success, and the System's success. The WCB will seek to make improvements in our approach to surgeries in 2013, and we will continue our efforts to foster understanding about our goals, objectives, and approaches within the health community as a whole. Surgeons, doctors, physiotherapists, chiropractors and so many more professionals across this province are key partners in accomplishing the continued change Nova Scotia requires in helping injured workers return to work.

Over the next year, the WCB's goal is to lower the injury rate to 1.90 or less and by 2017 reach a target of 1.68 or less. We will work to continue to achieve our targets for return to employability in 2013, toward a 2017 goal of 96 per cent. We will continue to work toward reducing the average composite duration toward our 2017 target of 94 days.

Our target for the total number of Time-Loss Days Paid per 100 Covered Employees on all claims is 226 days in 2013, with a further reduction to 186 days by 2017. We anticipate the Cost of New Extended Earnings Replacement Benefits will be $51.3 million in 2013 and $52.4 million in 2017.

Employees

Diversity and Respectful Workplace

The WCB strives to create a workplace that supports diversity and is respectful for all employees.

Building on our respectful workplace policies the WCB developed and executed a strategy in 2012 that focused on helping employees celebrate their differences, share their experiences and leverage their unique knowledge and skills to advance our mission.

This approach is based on a firm belief that with greater understanding and respect for one another and the people we support and serve, we will improve service and strengthen relationships that help build support for the transformational work we do in our community.

Leadership Development

In 2012 the WCB focused on helping managers strengthen their leadership capacity through a series of training and development programs, including 360 degree assessments to build self-awareness regarding leadership strengths and opportunities.

By helping to develop our leaders, the WCB ensures continued strong management of our business and assets, while supporting future succession requirements. A strong management team is better positioned to lead according to our values, toward the achievement of our strategic priorities.

Employee Engagement

At the WCB, we recognize the importance of an engaged workforce to our organization's success. An engaged workforce will help the WCB achieve our goals and objectives. In 2012, the WCB executed an engagement strategy that offered a broad range of programs, events and opportunities that provided the ability for employees to connect with colleagues, our business and our brand. Our Employee Opinion Survey conducted in the fall of 2012 showed significant positive improvement in most categories.

While there is progress there are also opportunities to continue to build engagement, by involving employees in decisions that affect their work and by providing more opportunities for employees to connect the work they do each day to our broader performance results. Strengthening that connection will be a key objective for our engagement strategy in 2013.

Occupational Health and Safety

At the WCB, health and safety is integrated into everything we do. The WCB strives to apply best practice in all areas of our business and to serve as a role model for the safety culture we are seeking to build in other workplaces across the province.

Safety is everyone's responsibility. This philosophy is reflected in the fact that every WCB employee is accountable for health and safety as part of their performance plan. Safety events, information and recommended practices are shared with employees on a monthly basis and healthy workplace programs like flu vaccines and wellness clinics are offered annually.

The WCB Joint Occupational Health and Safety Committee (JOHSC) is actively engaged in identifying and addressing workplace hazards. In 2012, thanks to input from JOHSC members, Automated External Defibrillators (AEDs) were installed in Halifax and Sydney, enhancing our emergency response capabilities. Training was provided for all First Aiders and Fire Wardens who required re-certification and this training included an AED component.

The WCB's internal Risk Response System implemented for situations on or near our premises was tested this year resulting in both validation of the program and identification of opportunities for further, ongoing enhancements.

Top Employer Awards

In recognition of our commitment to our employees, the WCB was named a Top 100 Employer in Canada for the second year in a row. The WCB was also named a top Atlantic Employer and a Top Nova Scotia Employer, accolades we have received multiple times. These awards reflect the good work of the WCB's people and the overall strong relationship with the Nova Scotia Government and General Employees Union (NSGEU).

WCB in the Community

WCB employees are committed to supporting people in need in the communities where they live and work. They personally donated more than $31,000 to community charity organizations in 2012. These cash donations are in addition to volunteer hours, food collections and donations of hundreds of gifts and necessities that are organized throughout the year. Charities helped include Feed Nova Scotia, Threads of Life, IWK, the United Way, the Diabetes Foundation and Children's Wish Foundation and many more.

Inspire Award
The WCB's annual internal recognition program highlights individuals who make a difference for other employees and the people we serve by living our values, and demonstrating a passionate commitment to achieving our priorities.

Nominations for the Inspire Award are submitted by colleagues. The winner in 2012 is a Workplace Consultant for the Manufacturing Integrated Service Team, Cindy Shupe, who has made a difference by helping the employers she serves improve safety in their workplaces.

Employees: Measures of Success

The 2012 WCB Employee Opinion Survey (an annual census and therefore comprehensive measure of employee opinions about working with the WCB) showed significant improvement in many categories. The response rate reached an all-time high at 87 per cent and overall employee satisfaction rose to 83 per cent. Survey scores for feeling respected and recognized increased to 86 per cent and 74 per cent respectively and 85 per cent of employees said they were well informed about the WCB's business and activities.

Survey scores indicated opportunities in the areas of job classification and development. Leaders will leverage the results to build action plans for 2013 to support improvement.

Employees: Outlook

Our employees *are* the WCB: their work reflects our vision and realizes our mission. They are passionate and dedicated safety champions who possess an unwavering commitment to making Nova Scotia workplaces safer, and to supporting workers and their families when injury occurs.

In 2013, the WCB will continue to support employees as they work to improve safety outcomes in our province. Consultation conducted with employees in 2012 will form the basis of plans to introduce more professional support in 2013. Coaches will be introduced in several work teams, to build skills and help our people be more successful and to improve service to workers and employers. The WCB will also continue to provide more development opportunities and training at all levels and will cultivate a high-performing team that is capable of achieving our priorities and targets.

We will also undertake work in 2013 to further refine our service culture, toward maintaining employee engagement and an ongoing, shared, collective mindset as to good service in all we do.

Financial

Financial: Measures of Success

Our financial success is measured by three key metrics: claims costs, administrative costs and return on investment.

Financial: Performance

The achievement of our financial targets is tied to reducing the injury rate, ensuring injured workers return to work in a safe and timely manner and investment returns.

As discussed in the Operations section previously, results met or exceeded expectations for reducing the injury rate, and on some measures for safe and timely return to work. In general, we saw improvements in overall claims payments for the last three years, but narrowly missed the target by $0.01. Additionally, we outperformed the target for administrative costs per $100 of assessable payroll due to lower than expected administrative costs.

Like many other organizations, with improvements in global financial markets, investment returns were more favourable in 2012 than in 2011. The one-year return of 11.5 per cent exceeded the benchmark return of 9.6 per cent adding value of 1.9 per cent. While a positive year in markets, caution remains, given the five-year experience with the impact of market volatility. The WCB's

Employees: Performance

Employee

	Actual '11	Actual '12	Target' 12	Target '13	Target '17
WCB Employee Satisfaction Index	73%	74%	70%	70%	70%

five-year rate of return for the period ending December 31, 2012 was 2.9 per cent and was ahead of the benchmark of 2.8 per cent, however, the target of 3.7 per cent was not achieved.

In 2012, changes to the portfolio structure included the addition of a new global mandate implemented with Aberdeen Asset Management Inc. and as a result of a request for proposal process, performance measurement and investment advisory services transitioned to Mercer (Canada) Limited. More details about our investment returns and the unfunded liability are included in the *Management Discussion and Analysis* section of this report.

Financial: Outlook

We recognize that there is continuing pressure to reduce costs in the workers' compensation system in order to improve benefits and reduce assessment rates. The Board has set long-term targets to reduce injuries and improve safe and timely return to work. When these targets are reached, we will see fewer people injured in workplaces and more people back at work in a safe and timely manner. The WCB is committed to achieving these targets and in so doing, reducing the human and financial toll of workplace injuries and generating significant cost savings in the system.

The WCB continues to ensure our investment portfolio is well diversified among a variety of assets in order to optimize returns and manage risk. Investment strategies and performance are monitored to confirm that the investments support the liabilities.

We will work to achieve the future targets for claims payments for the last 3 years per $100 of assessable payroll – $0.683 in 2013 and $0.636 in 2017. In 2013, the administration costs per $100 of assessable payroll are expected to be consistent with the 2012 target. The administration budget reflects the changing nature and complexity of the WCB business and the work that must be done in meeting system goals. This rate is anticipated to increase to $0.41 by 2017.

Financial

	Actual '11	Actual '12	Target '12	Target '13	Target '17
Claims Payments for the Last 3 Years per $100 of Assessable Payroll	$0.701	$0.704	$0.690	$0.683	$0.636
Administrative Costs per $100 of Assessable Payroll (excluding prevention costs)	$0.39	$0.34	$0.38	$0.38	$0.41
Return on Investment			Benchmark Portfolio Return +1%	Exceed Benchmark Portfolio Return[1]	
Five-year Rate of Return	1.2%	2.9%			
Five-year Target	2.1%	3.7%			

1 *As of January 1, 2013, this target was changed from Benchmark Portfolio Return+1% to Exceed Benchmark Portfolio Return.*

Together for collaboration

WCB Vice President, People and Planning, Wendy Griffin works with Occupational Health and Safety Advisory Council co-chairs Harris McNamara (L), representing employers, and Rob Wells (R), representing workers. Wendy attends the Council meetings together with WCB Board member John Amirault. The group offers valuable input into WCB prevention activities and is an example of the important conversations that need to happen in the province, considering the perspectives of both workers and employers – the balance at the core of the system overall.

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 International Financial Reporting Standards.

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 & Risk Oversight 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.

Stuart MacLean
Chief Executive Officer

Leo D. McKenna, CA
Chief Financial Officer

Together for back protection

Last year, the WCB and LAE partnered to prevent musculoskeletal injuries in workplaces, targeting back injuries in particular, as they make up one third of all workplace strains and sprains. Activities focused on getting closer to workplaces where messages can have the greatest impact on point of behaviour decisions. It also examined the role technology plays in promoting social marketing efforts. Nova Scotians were urged to take the pledge, become a Back Protection Agent and have one another's backs. (L-R) Marilyn More, Minister of Labour and Advanced Education and Cindy Porter, Communications Advisor, WCB.

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 (WCB). 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 financial markets, industry mix, 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.

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

The portfolio's target asset mix remains unchanged compared to 2011. The benchmark portfolio included equity at 60 per cent, bonds at 30 per cent and real estate at 10 per cent. Target allocation for Canadian equity is 20 per cent, US and international equity are 15 per cent each and new in 2012 is an allocation to global equity at 10 per cent. 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. The benchmark is useful for assessing performance of the fund.

The WCB uses two different investment strategies for different asset classes. The first is an active investment strategy where the investment manager is charged with exceeding the market index returns. The second is a passive investment strategy where the investment manager is charged with achieving market index returns. The WCB continues to use an active management strategy for US, international, global, one half of the Canadian equities and real estate investments and a passive strategy for fixed income, the other half of Canadian equities and a passive currency hedging overlay strategy with a hedge ratio of 50 per cent of the total foreign currency exposure.

Aberdeen Asset Management was hired in August 2012 as the active manager for the global equity mandate. The addition of the global equity mandate is a result of the 2011 asset liability study which recommended adding a global equity mandate to the portfolio structure to further diversify risk and to invest in the opportunities which would provide exposure to emerging markets.

Capital Markets Review

In early 2012, investor confidence led to the strong performance of stock markets. The markets experienced varying results for the second quarter and all major equity markets posted negative returns. Investor confidence was impacted by lower growth in the U.S., a renewed contraction in Europe and a deceleration of growth in China which weighed on markets. In the third quarter, major stock market indices experienced positive returns. The Canadian equity market posted a strong performance due to solid financial positions for Canadian banks and an increase in commodity prices. Global equity markets rebounded as central banks around the world took action to mitigate the uncertainty surrounding the European and US economies. In the U.S., performance was driven by policy decisions. At the end of the year, most major stock market indices experienced positive returns for the quarter and year with the resolution of uncertainties surrounding the U.S. election and the fiscal cliff. Bond and real estate markets generated positive returns for the year.

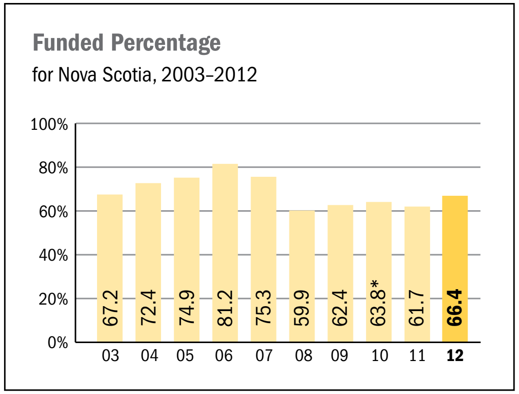
Portfolio Performance
The investment target is to exceed the rate of return generated by the benchmark portfolio and market index yields for the various asset classes by 1.0 per cent. The target is based on a five-year average before management fees. Effective January 1, 2013 the investment target will be to exceed the rate of return generated by the benchmark portfolio.

The active manager's objective is to exceed the return generated by the benchmark portfolio by 2.0 per cent for Canadian and international equities, by 1.0 per cent for US equities, and by 3.0 per cent for global equities. For the indexed manager, the objective is to match the return generated by the fund benchmark portfolio for nominal bonds and Canadian equities by +/- 0.10 per cent. The real estate manager's objective is to exceed the combined total of the return generated by 85 per cent of the IPD All Property Index plus 15 per cent of the DEX 91 Day Treasury Bills. These objectives are before investment management fees and are based on a five-year average. The total five-year fund return of 2.9 per cent was ahead of the 2.8 per cent benchmark however, was behind the target of 3.7 per cent. This reflects the volatility of the markets during the five-year period 2008 – 2012. While the defensive nature of the portfolio provided protection in the challenging financial market years of 2008 and 2011 where the portfolio had value added; it had the opposite impact in 2009 when the market recovered from the 2008 losses and negative value was added, resulting in the five-year target not being met.

In 2012, the annual investment return on the externally managed portfolio was 11.5 per cent, which was ahead of the benchmark return of 9.6 per cent, resulting in value added of 1.9 per cent. In 2012 the capital markets, in Canadian dollar terms, saw the Canadian equity market (S&P/TSX Composite Capped) return 7.2 per cent, the US equity market (Russell 1000) return 13.84 per cent, the international equity markets (MSCI EAFE) return 15.3 per cent and the bond markets returned 3.6 per cent. Asset classes contributing to the value added during the one year time frame included real estate, Canadian and US equities.

As the 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 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, 2012 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, 2012. 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, 2012.



* restated with adoption of IFRS

The benefits liabilities grew by $46.4 million or 2.7 per cent as set out in detail in Note 11 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 which takes into account claims costs incurred, claims payments made, growth in present value of the benefits liabilities and actuarial experience adjustments and assumption changes.

Unfunded Liability
The WCB's liabilities total $1.800 billion and assets total $1.196 billion, with an unfunded liability of $604.4 million at the end of 2012. From the prior year, the WCB's funding percentage increased from 61.7 per cent to 66.4 per cent.

Statement of Comprehensive Income (Loss)

The operating results for 2012 and 2011 may be attributed to the following factors:

($000's)	2012	2011
Assessment Revenue in Excess of Current Year Costs Pursuant to Section 115, *Worker's Compensation Act*	$ 37,307	$ 37,767
Investment Income below Liability Requirements	(1,323)	(96,744)
Actuarial Liabilities Greater (Less) than Previously Anticipated	26,234	(6,538)
Total Comprehensive Income (Loss)	$ 62,218	$ (65,515)

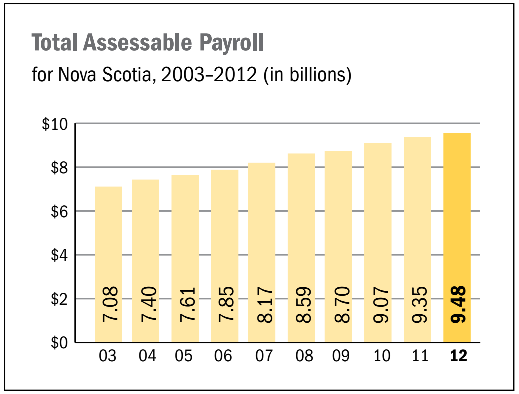
Revenues

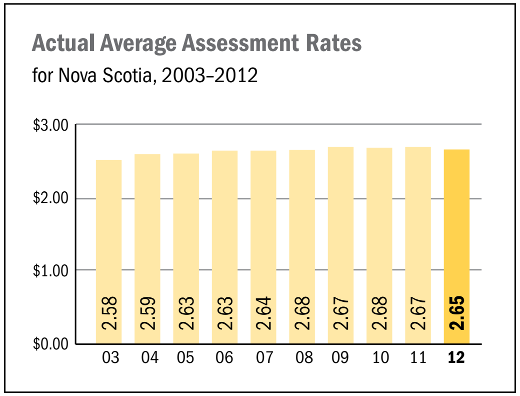
Assessment Revenue

The WCB receives two types of assessment revenue. Most employers pay an insurance premium with rates established based on prior years' experience. 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 $1.9 million (0.6 per cent) from 2011 levels.

Revenues from registered firms increased $1.5 million (0.6 per cent) from 2011 revenue. This increase is primarily attributed to an increase in assessable payroll of 1.4 per cent. Increases to the payroll base reflect the net impact of an increase in the maximum assessable earnings, an inflationary increase in wages, and a decrease in the covered workforce. The actual average assessment rate decreased from $2.67 in 2011 to $2.65 in 2012. The targeted average assessment rate remained constant at $2.65 from 2011 to 2012. The fact that the actual rate meets the target indicates that the mix of payroll amounts submitted by employers in high-rate industries and those submitted by employers in low-rate industries was similar to the anticipated patterns.

The self-insurers experienced slightly higher claims payments in 2012. Self-insured administration fees have 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 2013 will reflect the 2012 claims payments and administration costs.





Investment Income

Investment income is primarily derived from the long-term investment portfolio managed by external investment managers. The WCB's accounting policy is to record realized gains and losses on the sale of investments, gains and losses arising from changes in fair market value and gains and losses on foreign currency exchange in investment income in the period incurred.

Total investment income was $116.5 million for 2012, an increase of $100.6 million (633 per cent) from 2011. The increase resulted from an increase in the gains from changes in fair market value ($86.6 million), an increase in realized gains ($0.9 million), a net increase in foreign currency gains ($10.7 million), an increase in interest and dividend income ($3.1 million) and an increase in investment manager fees ($0.7 million). In accordance with IFRS, the WCB recognizes changes in market value of investments in the year of occurrence as income. Recognizing changes in market value in the year in which they occur produces a significant amount of volatility in the WCB's comprehensive income or loss.

Expenses

Claims Costs Incurred

Claims costs incurred are an estimate of the costs related to compensable injuries which occurred in 2012. These estimates take into account both unreported claims and claims reported but as yet unpaid. The liabilities include a provision for the future cost of administering claims that occurred on or before December 31, 2012. As in previous valuations, the benefits liabilities do not include any explicit provision for future claims related to occupational disease awards, except to the extent such claims are represented in the past claim histories. Additionally, the liability does not include an allowance for any changes to present policies and practices or for the extension of new coverage types.

Total Claims Costs Incurred
(in thousands)

	2012		2011	
Short Term Disability	$ 39,502	19.8%	$ 40,711	21.0%
Long Term Disability	$ 97,097	48.6%	$ 92,592	47.7%
Survivor Benefits	$ 5,100	2.6%	$ 4,970	2.6%
Health Care	$ 56,998	28.6%	$ 54,808	28.3%
Rehabilitation	$ 920	0.4%	$ 895	0.4%

Claims costs incurred increased by $5.6 million (2.9 per cent) from 2011. Claims categories with fluctuations include short-term disability costs decreasing $1.2 million (3.0 per cent), long-term disability costs increasing $4.5 million (4.9 per cent), survivor benefits increasing $0.1 million (2.6 per cent), health care costs increasing $2.2 million (4.0 per cent), and rehabilitation non-income costs decreasing $0.03 million (2.8 per cent) from 2011. Several factors influenced this aggregate result as discussed below.

Claims costs incurred for short-term disability has decreased 3.0 per cent in the current year. Reductions in short-term disability costs are the result of continued reductions in the frequency of time loss injuries in Nova Scotia. The injury rate dropped to 1.96, a decrease of 3.0 per cent from 2.02 in 2011. The WCB is committed to working with our partners in government, safety associations, worker, employer, labour and business groups and health care providers to reduce workplace injuries and support a safe and timely return to the workplace.

The 4.9 per cent increase in long-term disability costs is primarily related to the method used to estimate claims costs in the current year. The valuation assumes that for assessed employers, long-term awards will total 1,224 permanent impairment benefits (PIB) awards and 410 extended earnings loss awards for insured claims each injury year. These volumes are adjusted for an experience factor that is calculated by comparing actual volumes over time with those expected in the runoff table for a twenty year period which excludes the three most recent injury years (2010, 2011 and 2012). For the 2012 valuation, injury year 2009 was included in the experience ratio calculation. The volume of permanent awards granted in 2009 was higher than the volume expected in the runoff table. The experience ratio for both PIBs and EERBs therefore increased leading to an estimated 4.9 per cent increase in LTD costs for 2012. In recent years, changes made to the way injuries are managed resulted in an earlier transition to long-term benefits. As a result, for injuries in 2003 and later, the actual number of long-term awards emerging in the second and third year following the injury has exceeded the number of awards assumed. This will continue to put upward pressure on the experience ratio and therefore estimated LTD costs for the next few years until a change is made to the run off table.

In 2012, we started to see the higher than expected volume in early duration years slightly offset by fewer than expected awards at later duration years. While this does not impact the estimated claim costs for the current year, it reduces the estimated liability for claims in prior years as determined in previous valuations. In 2012, this experience led to the majority of the $36.7 million favorable experience adjustment. We expect this experience will continue and that the total number of EERBs awarded for injuries in 2007 and later will track below the assumption over the next several years. Based on these results, we expect a change in the actuarial runoff table within the next few years.

The number of permanent impairment benefits awarded in 2012 was slightly higher than in 2011, from 1,336 to 1,346. However, volumes remain substantially lower than in prior years. We anticipate a continued reduction in the volume of long-term awards over a number of years through active management of complex claims and return-to-work and prevention initiatives. If this decrease does not materialize as expected, adjustments will be required.

Health care costs increased 4 per cent in 2012 despite payments that were approximately 2 per cent less than expected when the 2011 valuation was prepared. The majority of the payment savings occurred in the early durations (i.e. recent injury years). For individuals whose injuries occurred five or more years in the past, payments were about 6 per cent above expected. Payments at later durations have greater influence on the overall medical liability because they affect the future cost projection for more accident years. These higher than expected payments at the later durations are the most significant factor in the $6.3 million unfavourable experience adjustment.

Survivor costs have increased by almost 3 per cent ($0.1 million) in 2012. Due to the small numbers involved, claim volumes and costs in this area can fluctuate year to year, and not necessarily be indicative of a trend.

Non-income rehabilitation costs are costs other than wage replacement benefits paid to workers in rehabilitation programs or workers receiving assistance with home or workplace modifications, that is, the cost of the programs themselves. In 2012, rehabilitation costs increased from 2011 by 3 per cent ($0.03 million). Fluctuations can occur in rehabilitation costs as significant costs incurred on a small number of claims can have a significant impact.

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 2012, this amount was $117.8 million or approximately 6.9 per cent of the benefits liabilities. This amount varies slightly by benefit category as the expected inflation component varies. Based on the overall expectation for inflation and long-term investment returns, we expect growth to occur at approximately 6.5 per cent annually. The benefits liability is calculated based on historical claims payment data coupled with assumptions about future experience.

All liabilities were calculated using an underlying assumption of 3.5 per cent for the real rate of return on assets and a rate of increase in the CPI equal to 3.0 per cent in 2012 (2011 – 3.5 per cent). The gross rate of return that results from the CPI and the real rate of return assumptions is 6.5 per cent in 2012 (2011 – 7.0 per cent). The Bank of Canada aims to keep inflation at the 2 per cent midpoint of an inflation-control target range of 1 to 3 per cent. Lowering the inflation assumption to 3.0 per cent is within the range and in line with the inflation assumptions of similar organizations. This change increased the benefits liability by $20.0 million.

A number of claims from 2002 to 2005 (years that were high in both volume of injuries and duration of claims), moved to long-term disability in recent years 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. On average, we expect approximately 410 extended earnings replacement benefit awards (EERB) will be awarded for any given injury year. Injuries from 2002 to 2005 continue to track ahead of the projected pattern of extended earnings replacement awards. To date we have awarded an average of 485 EERBs for injury years 2002 to 2005. Comparatively, recent years appear to be producing fewer EERBs. For example, for injury year 2005, EERBs awarded as of December 31, 2006, the year following injury, totaled 68. For injury year 2011, EERBs awarded as of December 31, 2012, the year following injury, totaled 28.

In 2012, the volume of new EERBs awarded on insured claims was significantly below the volume assumed in the run off table. While this was not sufficient to positively impact annual cost estimates, it did produce a favorable experience adjustment related to prior years' injuries. We expect the experience to continue in the next few years as improvements made in injury prevention and claim duration that yielded results in short-term disability will begin to yield savings in long-term disability in future years. The timing and magnitude of the savings is difficult to predict until a series of representative data emerges over time.

Administrative Costs

Administrative expenditures in 2012 totaled $42.2 million, a decrease of $3.6 million or 7.8 per cent from 2011. This is primarily due to:

- An actuarial gain of $0.9 million on post-employment benefits (other than pensions) compared to a $4.1 million loss in 2011; representing a decrease of $5.0 million, less
- a net $1.4 million increase primarily due to increases in salary and staff expenses due to inflation and collective agreement adjustments, a decrease in depreciation expense in 2012 based on less project work being capitalized than the previous year and less training and development costs in 2012.

Legislated Obligations

The legislated obligations expenses reported by the WCB and the actual amounts reported by the province can vary significantly. The WCB and the Province of Nova Scotia have different fiscal years, the WCB is as at December 31 and the Province is as at March 31. Secondly, the WCB expense is based on a combination of actual billings and an estimate based on the forecasts of expenditures supplied by the Province.

Total Comprehensive Income

In 2012, total revenues of $408.3 ($291.8 million in assessment revenues plus $116.5 million investment income), less total expenditures of $346.1 million, yielded total comprehensive income of $62.2 million.

The funding strategy prepared in June 2012 estimated a total comprehensive loss for 2012 of $5.8 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 increased $0.2 million in 2012 primarily because cash utilized for benefit payments and operations was slightly less than the cash generated through assessments premiums.

Funding Strategy

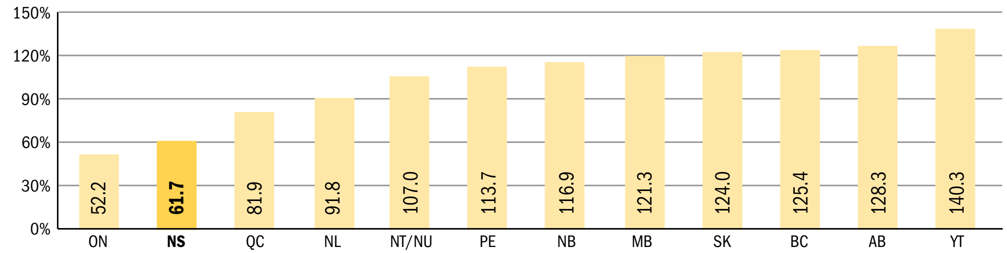
Overall, the financial results in the first twelve years of our funding strategy (1995 – 2006) were better than originally expected primarily due to increasing assessable payroll, lower than anticipated claims costs incurred, better than expected investment returns and lower than anticipated inflation. This positive experience allowed the WCB to absorb most of the impact of changes to the claims costs flowing from chronic pain, survivors, occupational cancer in firefighters and enhancements to Supplementary Benefits during this period.

In 2007 and 2008, however, results were not as positive largely due to lower investment returns and higher claims costs experience which resulted in actuarial adjustments. Overall, investment returns in 2009 to 2012 contributed positively (although the return for 2011 was less than the target of 7 per cent) and claims costs have begun to decrease or stabilize in some areas; however the long-term disability costs have continued to increase.

The WCB's annual revision to the funding strategy in June 2012 maintained our previously published estimated funding period between 2019 and 2023. The funding period was partially based on an estimated total comprehensive loss for 2012 of $5.8 million, and a substantial improvement in investment returns and actuarial experience for 2012. The actual total comprehensive income for 2012 was $62.2 million. This is $68.0 million more than expected in the funding strategy.

Funded Percentage

All Provinces, 2011 (AWCBC)



The 2012 variances include:

- assessment revenue $4.7 million less than expected,
- investment income $39.9 million more than expected,
- claims costs incurred $3.1 million more than expected,
- growth in present value of the Benefits Liability $4.2 million less than expected,
- favorable actuarial experience adjustments $46.2 million more than expected,
- unfavorable actuarial adjustment due to change in inflation assumption $20.0 million more than expected
- administration costs $3.8 million less than expected
- legislated obligations $1.7 million less than expected

Given the number of variables affecting the funding position, annual variances are expected. The positive 2012 actual results improved the funded position to 66.4 per cent from the expected 63.9 per cent in the current funding strategy.

The funding strategy foundation scenario assumes annual investment returns in excess of the 6.5 per cent long-term assumption in the remaining years to full funding. In order to maintain the current funding plan, investment returns will need to average approximately 7.5 per cent from 2013 to 2021. Such a scenario would yield an overall return of approximately 6.7 per cent from 1995 to 2021. If these returns are not achieved, the funding period will be affected. The investment returns for 2012 of 11.5 per cent were better than the 7.0 per cent expected for the year. However the significant losses experienced in 2007 and 2008 still need to be recovered to achieve the current funding plan as the most recent five and ten year average annual returns of 2.9 per cent and 6.1 per cent respectively were below the long-term assumption.

Increasing long-term disability costs are not expected to continue. Recent positive experience in short-term disability costs is expected to lead to savings and continued favorable adjustments on long-term disability and healthcare costs in subsequent years. This experience is discussed in detail in the "Risk Areas" section of the MD&A. If cost savings are not achieved as expected, the funding strategy will be affected.

Factors influencing the funding strategy including assessment rates for employers, benefit levels for injured workers and changes in the WCB's funded position, are not 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.

The WCB Board of Directors will conduct an annual review of our funding strategy in connection with the 2013 annual business planning and budgeting process. We are confident that we remain on track to achieve the aggressive operational goals set for claim durations and injury rate, however we recognize that investment returns are a critical component of the funding plan that is largely outside the control of the WCB.

Note 11 of the financial statements details areas of uncertainty, including actuarial experience, which may have a significant impact on the WCB's benefits, liabilities and funding strategy. Nova Scotia continues to be among the jurisdictions in Canada with a benefits liability that is not fully funded.

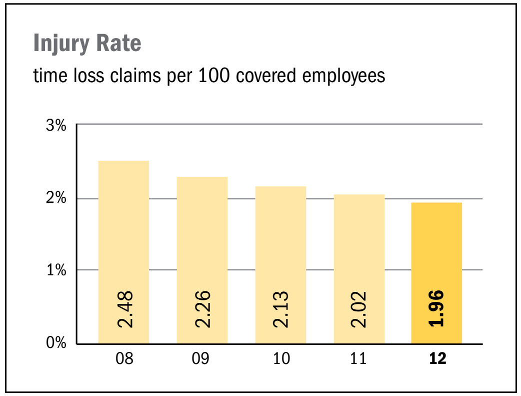
Risk Areas

Given the nature of our operations, the WCB is inherently susceptible to risks that could lead to significant financial consequences if unmitigated. Key variables that affect the WCB's performance and financial position include: benefit costs, investment returns, economic conditions, fraudulent activities and technology risk.

Benefit Costs

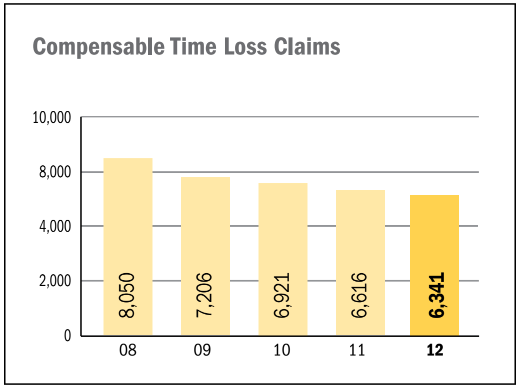
Benefit costs are affected by injury rates and claim durations. The plan anticipates an overall annual reduction in the portion of the rate used to fund claims and administration costs from $2.30 in 2007 to $1.97 in the year full funding is achieved. Permanent and sustainable reductions in both the injury rate and the composite duration index are expected to yield the required savings. Forecasts for reductions in both the injury rate and the composite duration index are subject to revision to reflect emerging trends and experience.

Since 2007, decreases in time loss injuries and reductions in the composite duration index have led to a $0.17 reduction in the portion of the rate used to fund short-term disability costs. Focused efforts by workers and employers, investments in return-to-work programs and healthcare strategies and the success of ongoing injury prevention efforts in workplaces across the province have contributed to our progress to date. Success in reducing short-term disability costs is expected to translate to long-term disability cost savings in future years and is expected to reverse the $0.33 increase in the portion of the average rate allocated to long-term benefits. These estimates are based on the assumption that current initiatives will yield expected duration reductions on complex claims. If this assumption does not materialize, the savings estimates will vary and the funding strategy will likely be impacted.



Injury Rate

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, as one component in a plan to reduce system costs, we estimated that a decrease in the overall injury rate from 2.87 to 2.26 per cent, would translate to 1,800 fewer time loss injuries relative to size of the workforce at the time the estimate was made. Additionally, if these savings were achieved by 2016, it was estimated that the portion of the rate used to fund current claims costs incurred would be reduced by $0.23.



As of December 31, 2012, there were 2,705 fewer time loss injuries than in 2005. Although we have made significant progress in terms of time loss claim reduction, savings are not yet as significant as originally expected. This is because the majority of the decrease in volume over the last five years was among lower cost claims and because savings from long-term disability costs take longer to materialize. The addition of new benefits such as chronic pain and benefits for firefighters diagnosed with specific cancers has also challenged our ability to fully realize our savings objectives. Since 2005, the portion of the rate used to fund short-term disability costs has decreased from $0.58 to $0.36. However, this $0.22 decrease is more than offset by a $0.33 increase in the portion of the rate used to fund current year long-term disability costs. We expect that over time, savings achieved in short-term disability costs will translate into savings in long-term disability costs.

At the end of 2012, the injury rate was 1.96 time loss injuries per 100 covered workers. This reflects an average reduction of 5 per cent per year since 2005. The pattern of significant improvement in this measure as seen in the past few years is not likely to be sustained and further reductions are expected to occur at a slower pace. We anticipate continued progress, with a decline in the injury rate in 2013.

In 2005, claims costs incurred and administration expenses absorbed $2.07 of the $2.65 average rate and the full impact of chronic pain and other benefit enhancements had not been fully absorbed. By the end of 2007, claims costs incurred and administration expenses had grown to $2.30 of the $2.65 average rate. As of December 31, 2012 the portion of the rate used to fund claims costs incurred and administration expenses totals $2.26. While progress has been made on short-term claims costs, long-term claims are slow to respond by virtue of the way costs in this category are estimated.

While we have made notable progress in time loss claims reduction, we do expect progress may be slowed in the coming years as the Nova Scotia economy is expected to grow. Beginning in 2014, the workforce in Nova Scotia is expected to increase, primarily in manufacturing, a higher incidence industry. This will challenge our ability to maintain the reductions in time loss volumes that occurred from 2008 to 2012.

Claim Durations

In Nova Scotia, injured workers stay on short-term benefits longer than in many other provinces and a higher proportion go on to receive permanent impairment benefits. The WCB's early intervention and return-to-work philosophy is anticipated to reduce claims costs incurred over time by shortening durations and reducing the number of workers going on to long-term disability. During 2012, progress continued on many fronts. The WCB continued to focus on:

- managing and building collaborative relationships with the health care sector to enhance safe and timely return to work by endorsing best practices in occupational medicine.
- working with and building relationships with employers and workers to continue the progress towards improving the workplace safety culture for all Nova Scotians through our service delivery model.

A significant reduction in annual claims costs could generate financial gains in the System. In 2005, we estimated a 30 day decrease in claims duration that, if achieved by 2016, would result in a $0.10 reduction in the portion of the average rate used to fund current year claims costs incurred.

As noted, recent reductions in time loss injuries included mainly lower risk, lower cost injuries. As these avoided claims typically have short durations, their absence puts upward pressure on the average duration. In 2012, the composite duration index increased from 98 days in 2011 to 99 days. However, the duration index has decreased a net of 15 days since 2005.

Since 2005, a focus of case management has been to resolve claims earlier whether the outcome is return-to-work or extended earnings loss awards. This change in timing is not yet fully reflected in the calculation of long-term claims costs. The increase in the volume of long-term awards in these early years impacts the calculation of long-term costs as higher than expected volumes are assumed to continue into later years. Additionally, we estimate that chronic pain as a compensable injury has increased long-term disability costs by an additional $9 to $11 million annually. The combination of these factors has led to a $0.33 increase in the portion of the rate used to fund current year long-term disability costs since 2005. We expected that new long-term awards would be fewer than assumed in the cost calculation, and that the $0.33 increase in costs would be eliminated by 2016. Our actual 2012 experience was slightly behind target. However, with continued progress, we anticipate substantial reductions in long-term benefits to materialize in future years.

Investments in health care such as direct access to physiotherapy, expedited surgeries and the Doctors Nova Scotia contract were made with a goal to assist in return-to-work efforts. These initiatives led to a $0.19 increase in the portion of rate used to fund current health care costs from 2005 to 2007. Since then the reduction in claim volume and improved outcomes for injured workers has reduced the cost of health care from a high of $0.62 in 2007 to $0.52 in 2012. No significant improvements are expected in the medium term and health care costs are expected to absorb $0.50 to $0.52 of the average rate in future years.

The expected reduction in new long-term awards is required to meet the funding strategy objectives. If recent improvements are not sustained or further reductions are not as anticipated, the funding strategy will be impacted. For the next few years, we will continue to feel the impact of replacing fewer than anticipated long-term awards in the early years of our earnings-loss system with more recent years' experience of higher than expected volumes of awards to date. As the most recent injury years mature, and changes in the timing of awards are fully absorbed, we expect the impact will be minimized and that positive experience adjustments will emerge. If this does not occur as expected, the funding strategy may require adjustment.

Claims durations are significantly influenced by the persistence of injuries that occur in the workplace. For purposes of tracking performance and estimating future cost savings, claims are divided into two categories; simple and complex. Future savings assume that injuries will be prevented in proportion to the historical split between simple and complex claims. In recent years, we have seen a significant reduction in the volume of time loss injuries. However, the decrease has occurred primarily in the simple, low cost, low complexity claims. If the mix of claims does not trend closer to historical levels, duration targets will not be met and the funding strategy will be impacted.

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 SIPO is designed so the portfolio will secure payment of 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 per cent. Analysis indicates that 3.5 per cent is a realistic real rate of return based on ten-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 3.0 per cent, yields a nominal rate of 6.5 per cent. During 2011 an asset liability study was completed. One benefit of the study was confirmation of the reasonableness of the asset allocation strategy used to diversify the investment portfolio. Results of this study supported the current investment strategy and give us some confidence that a long-term investment return of 6.5 per cent is a reasonable expectation.

Economic Conditions

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. Significant fluctuations in CPI represent a risk to the WCB. While CPI has been fairly stable in recent years, the risk exists that CPI may fluctuate due to unforeseen economic developments. We are also susceptible to cost increases in the health care system where in recent years the rate of growth has been greater than general inflation.

Nova Scotia's employment growth is expected to grow slowly but steadily beginning in 2014 with the majority of gains in private-sector industry. This will increase the WCB covered workforce. A slow growth economy could impact the funding strategy where the growth in payroll falls below the funding strategy expected level.

Fraud

The WCB provides workplace injury insurance to almost 19,000 employers, about 324,000 workers across Nova Scotia and utilizes the services of thousands of service providers. The significant volume and value of the monetary transactions that occur creates a risk to the WCB of fraudulent activity by internal and external stakeholders. To proactively strengthen the management of this risk, the WCB performs data quality and integrity checks, implements internal controls, follows a policy framework and employs a Special Investigations Unit.

Technology

The reliability of WCB's information technology is crucial to supporting the organization's operations and safeguarding personal records. A system failure or security breach would be a significant risk to the WCB. The organization has taken steps to mitigate this risk by investing in technology, maintaining backup systems and processes, developing staff expertise and having a disaster recovery plan for information technology purposes.

Critical Accounting Policies and Estimates

The WCB follows International Financial Reporting Standards (IFRS). IFRS requires that management make assumptions and estimates. Financial statement Note 3 "Significant Accounting Policies" and Note 4 "Accounting Judgments and Estimates" outlines the WCB's significant accounting policies and estimates.

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 "fair value through profit and loss". As a result, reported investment income is affected by the changes in fair market values of the investments held. These changes in fair value are recorded directly in income in the period the changes occur. This adds to the volatility of reported investment income from year to year.

Actuarial Valuation of the Benefits Liabilities

The benefits liabilities determined in the financial statements 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.

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. For example, a reduction in the real rate of return from 3.5 per cent to 2.5 per cent would increase the benefits liabilities by almost $140 million and would increase annual incurred costs by an estimated $13 million.

The WCB continues to monitor potential future implications related to Actuarial Standards in the area of Occupational Disease. The WCB will work with its Actuarial Consultant and External Auditor to determine whether a potential liability exists for latent Occupational Disease beyond that implicitly included as a result of the current valuation methodology.

Outlook

The WCB operates as a going concern. The funding strategy supports the WCB's ability to remain financially sustainable while maintaining the system and balancing worker and employer needs to achieve full funding.

Over time, funding 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 lengthen or shorten 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. In March 2012, the Speech from the Throne indicated that the Nova Scotia government is considering extending additional protections to firefighters who develop cancer.

We had an improvement in the funding position in 2012, primarily attributable to investment market returns and favorable experience adjustments for injuries that occurred in prior years. We will review the impact on the plan including the impact on the anticipated funding period of 2019 to 2023. The Board of Directors will revisit the funding strategy as part of the annual budget process in June 2013. During 2008, the Board of Directors consulted with stakeholders across the province to develop our Strategic Plan 2010 – 2014 with which we continue to make progress to implement. On an ongoing basis, the WCB consults stakeholders with respect to the appropriate balance between the level of benefits, rates charged to employers and the WCB's funding position. The Board of Directors will consider the points of view raised by stakeholders during the 2013 update to the funding strategy.

The WCB recognizes that there will be variances from the funding strategy each year. The 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 to changes. Small changes in the early years potentially have a considerable 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.

Together for safety best practice

A musculoskeletal injury prevention strategy is underway at the province's nine District Health Authorities and the IWK, in partnership with the Workers' Compensation Board of Nova Scotia and AWARE-NS. Branded Soteria Strains, after the Greek goddess of safety, the program focuses on developing safe work environments that lead to healthier health team members, safer patient care and enhanced service delivery.

Together for our community

The Salvation Army Toy Drive is an annual tradition at the WCB – over 261 gift bags were collected and delivered for the 2012 campaign. In this photo, WCB employees including Allan Bardsley, Finance; Craig Faulkner, ITS; Nadine Zwicker, IST – Gov't and Self Insured; Sandra Keefe, Business Intelligence; Nora Smith, ITS; Stephanie White, Workplace Services; Dawn Samson, Lloyd Samson, ITS; and Tammy Davis, WST – North/Central deliver the gifts to the Toy Drive – an annual event that gets noticed. WCB employees are committed to supporting their community. In 2012, they donated more than $31,000 to community charity organizations. These cash donations are in addition to food collections and donations of gifts and necessities that are organized throughout the year. Charities helped include Feed Nova Scotia, Threads of Life, IWK Children's Hospital, the Diabetes Foundation and Make a Wish. In all more than 25 individuals and organizations were helped in 2012.

Independent Auditors' Report

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

We have audited the accompanying financial statements of the Workers' Compensation Board of Nova Scotia, which comprise the statement of financial position as at December 31, 2012, and the statements of comprehensive income and unfunded liability, and cash flows for the year ended December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Workers' Compensation Board of Nova Scotia as at December 31, 2012, and its financial performance and its cash flows for the year ended December 31, 2012 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered accountants
Halifax, Canada
March 21, 2013

Statement of Financial Position

as at (thousands of dollars)

	December 31 2012	December 31 2011
Assets		
Receivables (Note 5)	$ 24,129	$ 19,876
Investments (Note 6)	1,166,891	1,050,610
Property and equipment (Note 8)	4,421	4,594
Intangible assets (Note 9)	570	881
	$ 1,196,011	$ 1,075,961
Liabilities and Unfunded Liability		
Bank indebtedness	$ 1,168	$ 1,366
Payables and accruals	23,602	13,010
Lease liabilities	92	168
Post-employment benefits (Notes 10 and 20)	23,228	22,065
Benefits liabilities (Note 11)	1,752,308	1,705,957
	1,800,398	1,742,566
Unfunded liability	(604,387)	(666,605)
	$ 1,196,011	$ 1,075,961

Commitments (Note 19)

Approved on behalf of the Board of Directors on March 21, 2013:

Elaine Sibson
Chair

Jim Melvin
Chair, Audit and Risk Oversight Committee

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

Statement of Comprehensive Income and Unfunded Liability

year ended December 31 (thousands of dollars)

	2012	2011
Revenue		
Assessments (Notes 12 and 17)	$ 291,806	$ 289,956
Investment income (Note 6)	116,510	15,894
	408,316	305,850
Expenses		
Claims costs incurred (Notes 11 and 16)	199,617	193,976
Growth in present value of benefits liabilities and actuarial experience adjustments (Note 11)	91,599	119,176
Administration costs (Notes 13 and 17)	42,151	45,702
System support (Note 14)	793	831
Legislated obligations (Note 15)	11,938	11,680
	346,098	371,365
Comprehensive income (loss)	62,218	(65,515)
Unfunded liability, beginning of year	(666,605)	(601,090)
Unfunded liability, end of year	$ (604,387)	$ (666,605)

Statement of Cash Flows

year ended December 31 (thousands of dollars)

	2012	2011
Operating Activities		
Cash received from:		
Employers, for assessments	$ 284,418	$ 287,874
Net investment income	64,338	46,565
	348,756	334,439
Cash paid to:		
Claimants or third parties on their behalf	(238,748)	(233,198)
Suppliers, for administrative and other goods and services	(44,630)	(53,087)
	(283,378)	(286,285)
Net cash provided by operating activities	65,378	48,154
Investing Activities		
Increase in investments, net	(64,113)	(46,380)
Purchases of equipment	(1,067)	(1,317)
Net cash used in investing activities	(65,180)	(47,697)
Net increase in cash and cash equivalents	198	457
Bank indebtedness, beginning of year	(1,366)	(1,823)
Bank indebtedness, end of year	$ (1,168)	$ (1,366)

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

Notes to the Financial Statements

year ended December 31 (thousands of dollars)

1. NATURE OF OPERATIONS

The Workers' Compensation Board of Nova Scotia ("WCB") is a board established by the Nova Scotia Legislature in 1917, under the *Workers' Compensation Act ("Act")*, and is exempt from income tax. The address of the WCB's primary operations is 5668 South Street in Halifax, Nova Scotia. 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.

The current *Act* came into force February 1, 1996. Various amendments have since occurred to the *Act* and have received Royal Assent.

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on March 21, 2013.

2. BASIS OF PREPARATION

Statement of compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The principle accounting polices applied in preparation of these financial statements are set out below.

Going concern
The WCB has assessed all relevant financial and economic indicators and has determined that there is an ability to operate as a going concern, as supported by the funding strategy in place for the elimination of the unfunded liability.

Basis of measurement
The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as explained in the significant accounting polices below. Historical cost is based on the fair value of the consideration given in exchange for assets.

These financial statements are prepared and rounded in thousands of Canadian dollars unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared within the framework of the following accounting policies:

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

b) Assessments Revenue and Receivable
Premiums are billed when employers report their employees' insurable earnings for an applicable assessment year. For employers who have not reported, premiums are estimated based on

historical experience and any difference between actual and estimated premiums is adjusted in the following year. As a significant portion of premium income for the year is not received until after year end, the amount recorded is a combination of actual and estimate based on statistical data. The difference between the estimate and the actual income received is adjusted to income in the following year. Historically, the difference has not been material.

c) Investments

The WCB has designated all portfolio investments as fair value through profit and loss. Realized gains and losses on the sale of investments and unrealized gains and losses arising from the change in the fair value of investments are recorded in investment income in the period in which they arise. All purchases and sales of portfolio investments are recognized on the date the trades are executed. Income from interest, dividends and investment foreign currency gains and losses are recognized as investment income in the period earned. Investment income is presented net of investment expenses.

The following determines fair value of investments:

- Equities are valued at quoted market prices at year end as per security exchanges.
- Pooled fund units (securities and fixed income) are valued at their year end net asset values as determined by the fund managers.
- The fair value of real estate fund units is based on independent property appraisals net of fund liabilities as determined by the fund manager.
- Forward foreign exchange contracts are recorded at the current unrealized gain or loss position at year end based on quoted market prices for the underlying currencies.

d) Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation and when applicable, write-downs for impairment. Depreciation is charged using the straight-line method over the estimated useful life of the asset. A useful life of 10 to 40 years is used for building components and from 5 to 20 years for furniture and facilities, equipment and computer hardware. With the exception of equipment under finance leases, in the year of acquisition, a half year's amortization is taken. The useful lives of items of property and equipment are reviewed at each balance sheet date and adjusted if required.

Finance Leases

Finance leases transfer to the WCB substantially all the risks and benefits of ownership of the leased property. These leases are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned to interest charges and the reduction of the lease liability until the liability is reduced to zero at the end of the lease term. Leased assets are depreciated over the useful life of the asset or over the lease term, whichever is shorter.

e) Post-Employment 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 projected unit credit method is used to calculate the defined benefit obligations and current service costs. The obligation is measured using actuarial assumptions which represent management's best estimates of the variables that will determine the ultimate cost of post-employment benefits. Actuarial assumptions are comprised of demographic and financial assumptions and are disclosed in detail in Note 10. Actuarial gains and losses arise from the actual experience of the plan's liabilities for a period and the assumed outcome for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. Discount rates are based on the market yields of high quality corporate bonds. Current service and interest costs, and actuarial gains and losses are recorded through profit and loss in the period in which they arise.

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. The benefits liabilities are accounted for using IFRS 4 – Insurance contracts.

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) Financial Instruments

The WCB has undertaken early adoption of IFRS 9 – Financial instruments, which requires financial instruments to be classified as either amortized cost, or fair value through profit and loss. The applicable financial instruments for the WCB are as follows:

- Cash and cash equivalents – recorded at amortized cost
- Accounts receivable and payable – recorded at amortized cost
- Investments – recorded as fair value through profit and loss

The carrying values of cash and cash equivalents, accounts receivables and payables 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.

The investment portfolio does not contain any derivatives intended for speculation or trading purposes. The portfolio includes a currency overlay hedge strategy as described in Note 7. The WCB has elected not to apply hedge accounting.

i) Intangible Assets

Intangible assets are stated at cost, less accumulated depreciation and when applicable, write-downs for impairment. Intangible assets consist of externally purchased and internally generated software applications, and process development costs. To qualify for capitalization, the intangible asset must be separately identifiable, the WCB must have control of the asset and the asset must have future economic benefits.

Amortization is charged on a straight-line basis over a period of 5 to 10 years for internally generated software and process development costs, with one half year's depreciation taken in the year of completion.

Expenditures related to the research phase of an internal project are recognized as an expense in the period incurred. Software purchases are depreciated on a declining-balance basis at an annual rate of 50 per cent. Depreciation expense is included in administration costs on the statement of operations. The useful lives of intangible assets are reviewed at each balance sheet date and adjusted if required.

j) Asset Impairment Testing

IFRS require a test for impairment at least annually whenever there is objective evidence that the carrying value of an asset may exceed its fair value. Impairment tests must be conducted for an individual asset, an asset group or at the cash-generating unit level which is the smallest identifiable group of assets that generates cash inflows independent of cash inflows of other assets.

Based on the analysis of the cash flows, the WCB has determined that it is a single cash generating unit. Impairment of assets at the entity level is unlikely as the WCB has the power under the *Act* to revise premiums to ensure the continuity of the workers' compensation system. Therefore, individual assets are monitored for impairment using a variety of qualitative considerations including, but not limited to: obsolescence, damage, reduction in asset performance, disposal or the existence of plans to discontinue the use of the asset. If an asset is deemed impaired, the asset is written off completely or subjected to accelerated depreciation, whichever is appropriate.

k) Future Accounting Policy Developments

WCB staff monitors the pronouncements of the International Accounting Standards Board (IASB) and considers the impact that changes in standards may have on the WCB's financial reporting. The IASB has ongoing projects to improve existing standards and issue new standards, some of which will impact the WCB as follows:

IFRS 4 – Insurance contracts – A re-exposure draft is expected to be released on insurance contracts in the first half of 2013 proposing to change the basis of accounting for insurance contracts to fair value by changing the method of determining the discount rate. This standard change may have a significant impact on the financial statements of the WCB. Once the final standard is issued, the effective date is expected to be January 1, 2018.

IFRS 9 – Phase 2, Impairment methodology – The IASB will be issuing a re-exposure draft proposing further developments to the general impairment model based on credit deterioration. The impact on the WCB is not yet determinable and will be assessed when the final standard is issued. The proposed effective date has been deferred to January 1, 2015.

IFRS 13, Fair value measurement – Fair value measurement establishes a single source of guidance for fair value measurements. The standard also requires enhanced disclosures when fair value is applied. The standard is effective for annual periods beginning on or after January 1, 2013.

IAS 17 – Leases – The IASB has issued an exposure draft proposing a new accounting model for leases where the classification of operating leases would be eliminated and all leases will be recorded with assets and liabilities on the statement of financial position, with the exception of short-term leases. The total impact on the WCB is not yet determinable and will be assessed when the final standard is issued. An effective date has not yet been determined.

IAS 19 – Employee benefits - The IASB has issued a revised section on employee benefits. This revised standard is applicable for years beginning on or after January 1, 2013. The revised standard will require changes in actuarial assumptions from year to year be recorded in other comprehensive income rather than the WCB's current practice of recording through profit and loss.

l) Comparative Figures

Certain 2011 comparative figures have been reclassified to conform with the 2012 presentation.

4. ACCOUNTING JUDGEMENTS & ESTIMATES

The preparation of financial statements in conformity with IFRS 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 have the potential to impact benefits liabilities. Legislated Obligations excluding the Workers' Compensation Appeals Tribunal are based on forecasts supplied by the Province of Nova Scotia with the actual billing through an order in council occurring post release of the annual report.

Information about the judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are discussed in detail in the following notes:

- Note 10 – Post-employment benefits
- Note 11 – Benefits liabilities
- Note 12 – Revenue

5. RECEIVABLES

	2012	2011
Assessments	$ 16,925	$ 16,716
Self-insured employers	7,424	3,730
Assessments receivable	24,349	20,446
Self-insured employers – deposits	(2,467)	(2,467)
Harmonized sales tax rebate	459	453
Other	1,788	1,444
	$ 24,129	$ 19,876

Assessments receivable are net of an allowance for doubtful accounts of $1,731 in 2012 (2011 – $1,422). Other receivables are net of an allowance for doubtful accounts of $1,027 in 2012 (2011 – $947).

6. INVESTMENTS

	2012	2011
Equities		
Canadian	$ 224,221	$ 188,033
U.S.	165,103	222,251
Europe, Australasia and Far East	180,200	189,767
Global	112,614	-
	682,139	600,051
Fixed income	345,452	327,215
Real estate	139,202	117,293
Money market	537	742
Currency overlay	(840)	4,792
Accrued interest	402	517
	$ 1,166,891	$ 1,050,610

Investment Income	2012	2011
Interest and dividends	$ 36,665	$ 33,600
Realized gains from the sale of investments	18,432	17,522
Change in fair market value	57,801	(28,772)
Currency overlay gain (loss)	7,122	(3,602)
Portfolio management expenses	(3,510)	(2,854)
Net investment income	$ 116,510	$ 15,894

7. FINANCIAL RISK MANAGEMENT

In accordance with IFRS 7 – Financial Instruments, Disclosure, the following provides qualitative and quantitative information relating to market risk, interest rate and currency risks; credit risk and liquidity risk.

The WCB manages its investments in accordance with a Statement of Investment Policies and Objectives and manages investment risk by using a diversified portfolio both across and within asset classes engaging fund managers with a broad range of investment practices and styles. The WCB utilizes an independent consultant to benchmark performance of its fund managers.

Market risk
Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The following table presents the decrease to comprehensive income ("CI") as a result of a potential adverse change in the key risk variable – the sector benchmark – for each equity mandate in the WCB's investment portfolio. Possible outcomes are estimated using the historical 5-year variability as measured by the standard deviation of each mandate, except the Global mandate for which historical variability was measured from September 14, 2012, the commencement of the Global mandate.

	2012		2011	
Equities	% Change	CI Impact	% Change	CI Impact
Canadian				
1 standard deviation	18.9%	$ (42,378)	18.7%	$ (35,162)
2 standard deviation	37.8%	$ (84,756)	37.4%	$ (70,324)
United States				
1 standard deviation	16.7%	$ (27,572)	15.6%	$ (34,671)
2 standard deviation	33.4%	$ (55,145)	31.2%	$ (69,342)
International (EAFE)*				
1 standard deviation	17.2%	$ (30,994)	16.3%	$ (30,932)
2 standard deviation	34.4%	$ (61,989)	32.6%	$ (61,864)
Global				
1 standard deviation	15.3%	$ (17,230)	-	-
2 standard deviation	30.6%	$ (34,460)	-	-

**Europe, Australasia and Far East*

Interest rate risk
Fluctuations in interest rates can impact the market value of the fixed-term investment portion of the portfolio. Interest rate risk is mitigated through diversification of the term to maturities to partially match the duration of the benefits liabilities of 8 years. As at December 31, 2012, the duration of the bond portfolio was 6.9 years (6.8 years in 2011).

The following table presents the effect of an increase in market interest rates for the bond portfolio (which is held in pooled funds) and the resulting decrease to comprehensive income.

	2012	2011
Fixed Income	CI Impact	CI Impact
0.5% increase	$ (15,032)	$ (11,015)
1.0% increase	$ (24,619)	$ (21,288)

The credit ratings of the WCB's fixed-income securities at December 31st are listed in the table below. Credit ratings are based on information from Standard & Poor's, Moody's and Dominion Bond Rating Service.

	2012		2011	
Credit Rating	Total	%	Total	%
AAA	$ 159,944	46.3%	$ 160,990	49.2%
AA	77,727	22.5%	75,914	23.2%
A	81,527	23.6%	68,061	20.8%
BBB	26,254	7.6%	22,250	6.8%
Total	$ 345,452	100%	$ 327,215	100%

Currency risk
Currency risk is the risk of gain or loss due to movements in foreign currency rates as compared to the Canadian Dollar. To mitigate these risks the WCB has foreign exchange forward contracts to hedge approximately 50 per cent of the foreign currency denominated assets held in British Pounds, Euros, Japanese Yen, and US Dollars. Foreign exchange forward contracts are contracts to exchange an amount of one currency for another at a future date at a set price determined at contract inception.

The following table presents the effect of a 10 per cent appreciation in the Canadian Dollar as compared to the US Dollar, Euro, Japanese Yen and British Pound and the decrease to comprehensive income.

	2012	2011
Currency	CI Impact	CI Impact
USD	$ (10,858)	$ (11,118)
EURO	$ (6,194)	$ (4,806)
YEN	$ (2,716)	$ (2,524)
POUND	$ (2,687)	$ (2,202)

Credit risk
Credit risk with financial instruments arises from the possibility that the counterparty to an instrument may fail to meet its obligations. The WCB mitigates credit risk through diversification, and a statement of investment policies and objectives that addresses asset mix and investment constraints with respect to the credit quality of short-term investments and fixed term investments.

Liquidity risk
The WCB has contractual obligations and financial liabilities and therefore is exposed to liquidity risk. The WCB monitors its current and expected cash flow requirements to ensure it has sufficient cash and cash equivalents to meet its liquidity requirements short and long term. In addition, the WCB maintains a line of credit with its principal banker to meet potential short-term liquidity requirements.

Fair value hierarchy
A fair value hierarchy is used to categorize valuation techniques used in the determination of fair value. Quoted market prices are categorized as Level 1, internal models using observable market information as inputs are Level 2, and internal models without observable market information as inputs are Level 3.

The following fair value hierarchy table presents information about the financial assets measured at fair value on a recurring basis as of December 31st.

2012	Level 1	Level 2	Total
Short-term investments	$ 839	$ 99	$ 938
Currency overlay	-	(840)	(840)
Equities	682,138	1	682,139
Fixed term investments	345,452	-	345,452
Real estate	139,202	-	139,202
	$ 1,167,631	$ (740)	$ 1,166,891

2011	Level 1	Level 2	Total
Short-term investments	$ 1,259	$ -	$ 1,259
Currency overlay	-	4,792	4,792
Equities	600,051	-	600,051
Fixed term investments	327,215	-	327,215
Real estate	117,293	-	117,293
	$ 1,045,818	$ 4,792	$ 1,050,610

There were no transfers between Level 1 and Level 2 during either year and no Level 3 financial assets were held.

8. PROPERTY AND EQUIPMENT

	Land and building[1]	Furniture and facilities	Equipment and computer hardware	Total
Historical cost				
Balance at Jan. 1, 2012	$ 4,227	$ 2,672	$ 2,334	$ 9,233
Additions	275	174	484	933
Disposals & retirements	(343)	(159)	(351)	(853)
Balance at Dec. 31, 2012	$ 4,159	$ 2,687	$ 2,467	$ 9,313
Depreciation and impairment				
Balance at Jan. 1, 2012	$ 1,807	$ 1,627	$ 1,205	$ 4,639
Current period depreciation	340	288	456	1,084
Recapture depreciation	-	-	(2)	(2)
Disposals & retirements	(343)	(159)	(327)	(829)
Balance at Dec. 31, 2012	$ 1,804	$ 1,756	$ 1,332	$ 4,892
Carrying amount at Dec. 31, 2012	$ 2,355	$ 931	$ 1,135	$ 4,421

	Land and building[1]	Furniture and facilities	Equipment and computer hardware	Total
Historical cost				
Balance at Jan. 1, 2011	$ 4,599	$ 3,970	$ 3,026	$ 11,595
Additions	347	361	491	1,199
Disposals & retirements	(719)	(1,659)	(1,183)	(3,561)
Balance at Dec. 31, 2011	$ 4,227	$ 2,672	$ 2,334	$ 9,233
Depreciation and impairment				
Balance at Jan. 1, 2011	$ 2,185	$ 2,884	$ 1,910	$ 6,979
Current period depreciation	333	395	469	1,197
Impairment losses	8	7	9	24
Disposals & retirements	(719)	(1,659)	(1,183)	(3,561)
Balance at Dec. 31, 2011	$ 1,807	$ 1,627	$ 1,205	$ 4,639
Carrying amount at Dec. 31, 2011	$ 2,420	$ 1,045	$ 1,129	$ 4,594

[1] *Includes $155 for the cost of the land that the building is situated on. Land has an indefinite useful life and is not depreciated.*

Finance leased assets

Equipment and computer hardware includes the following amounts where the WCB is a lessee under finance leases:

	2012	2011
Cost – capitalized finance leases	$ 164	$ 307
Accumulated depreciation	(77)	(145)
Net book value	$ 87	$ 162

There were no additions to equipment under finance leases during the year (2011 – $131).

9. INTANGIBLE ASSETS

	Acquired software	Internally generated software	Internally generated processes	Total
Historical cost				
Balance at Jan. 1, 2012	$ 820	$ 1,063	$ 614	$ 2,497
Additions	135	-	-	135
Disposals & retirements	(38)	-	-	(38)
Balance at Dec. 31, 2012	$ 917	$ 1,063	$ 614	$ 2,594
Depreciation and impairment				
Balance at Jan. 1, 2012	$ 683	$ 511	$ 422	$ 1,616
Current period depreciation	116	218	111	445
Impairment losses	1	-	-	1
Disposals & retirements	(38)	-	-	(38)
Balance at Dec. 31, 2012	$ 762	$ 729	$ 533	$ 2,024
Carrying amount at Dec. 31, 2012	$ 155	$ 334	$ 81	$ 570

	Acquired software	Internally generated software	Internally generated processes	Total
Historical cost				
Balance at Jan. 1, 2011	$ 768	$ 926	$ 5,708	$ 7,402
Additions	112	137	-	249
Disposals & retirements	(60)	-	(5,094)	(5,154)
Balance at Dec. 31, 2011	$ 820	$ 1,063	$ 614	$ 2,497
Depreciation and impairment				
Balance at Jan. 1, 2011	$ 506	$ 273	$ 5,348	$ 6,127
Current period depreciation	237	238	168	643
Impairment losses	-	-	-	-
Disposals & retirements	(60)	-	(5,094)	(5,154)
Balance at Dec. 31, 2011	$ 683	$ 511	$ 422	$ 1,616
Carrying amount at Dec. 31, 2011	$ 137	$ 552	$ 192	$ 881

10. POST-EMPLOYMENT BENEFITS

The WCB provides post-employment benefits other than pensions (Note 20) consisting of retirement allowances, post-employment life insurance, dental and medical programs. An actuarial valuation was performed as at December 31, 2012.

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

	2012	2011
Discount rate, benefits expense for year	4.60%	5.75%
Discount rate, accrued benefit obligation	4.00%	4.60%
Expected health care costs trend rate; decreasing annually by 0.25% increments to an ultimate rate of 4.00%	6.00%	7.00%
Drug claim increases trend rate; decreasing annually by 0.25% increments to an ultimate rate of 5.00%	7.00%	8.00%
Dental cost escalation	3.00%	3.50%
Retirement age assumption	59 years	59 years

Costs Arising in the Period	2012	2011	2010
Current service costs	$ 1,250	$ 927	$ 710
Interest costs	1,067	982	879
Actuarial (gains)/ losses on ABO (a)	(887)	4,105	2,504
Total employee future benefits expense	$ 1,430	$ 6,014	$ 4,093

Accrued Benefit Obligation	2012	2011	2010
Beginning of year	$ 22,065	$ 16,255	$ 12,452
Total employee future benefits expense	1,430	6,014	4,093
Benefits paid	(267)	(204)	(290)
End of year	$ 23,228	$ 22,065	$ 16,255

(a) The net actuarial gain as at December 31, 2012 is the cumulative impact of the following items:
- a loss arising from the reduction in the discount rate;
- a gain due to the reduction in assumed medical trend rates and dental rates; and
- gains due to positive experience on the actual medical trend rates since the previous valuation.

The table below provides sensitivity for changes to the discount rate or the assumed health care cost trend rates the result with resulting increases/(decreases) to Comprehensive Income (CI).

	2012 CI Impact	2011 CI Impact
1% decrease in the discount rate	$ (5,675)	$ (5,054)
1% increase in the discount rate	$ 4,231	$ 3,818
1% decrease in the assumed health care cost trend rate	$ 3,641	$ 3,443
1% increase in the assumed health care cost trend rate	$ (4,891)	$ (4,607)

11. BENEFITS LIABILITIES

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Subtotal	Claims Administration	Total 2012
Balance, beginning of year	$ 82,984	$ 1,113,054	$ 124,105	$ 283,793	$ 5,457	$ 1,609,393	$ 96,564	$ 1,705,957
Growth in present value of benefit liabilities	5,757	77,026	8,387	19,623	370	111,163	6,670	117,833
Change in actuarial assumptions (a)	(181)	16,982	2,742	(673)	(14)	18,856	1,132	19,988
Actuarial experience adjustments (b)	(9,901)	(36,731)	(3,590)	6,314	304	(43,604)	(2,618)	(46,222)
Total growth	(4,325)	57,277	7,539	25,264	660	86,415	5,184	91,599
Claims costs incurred	39,502	97,097	5,100	56,998	920	199,617	9,970	209,587
Less: Claims payments made	(40,980)	(122,451)	(13,683)	(63,917)	(1,273)	(242,304)	(12,531)	(254,835)
Balance, end of year	$ 77,181	$ 1,144,977	$ 123,061	$ 302,138	$ 5,764	$ 1,653,121	$ 99,187	$ 1,752,308

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Subtotal	Claims Administration	Total 2011
Balance, beginning of year	$ 85,504	$ 1,054,465	$ 125,700	$ 266,794	$ 6,640	$ 1,539,103	$ 92,346	$ 1,631,449
Growth in present value of benefits liabilities	5,956	72,869	8,481	18,491	465	106,262	6,376	112,638
Change in actuarial assumptions (a)	-	-	-	-	-	-	-	-
Actuarial experience adjustments (b)	(7,645)	12,690	(997)	3,785	(1,665)	6,168	370	6,538
Total growth	(1,689)	85,559	7,484	22,276	(1,200)	112,430	6,746	119,176
Claims costs incurred	40,711	92,592	4,970	54,808	895	193,976	9,654	203,630
Less: Claims payments made	(41,542)	(119,562)	(14,049)	(60,085)	(878)	(236,116)	(12,182)	(248,298)
Balance, end of year	$ 82,984	$ 1,113,054	$ 124,105	$ 283,793	$ 5,457	$ 1,609,393	$ 96,564	$ 1,705,957

a) In 2012 there was a change in actuarial assumptions related to the assumed Consumer Price Index (CPI) rate decreasing to 3.0 per cent from 3.5 per cent, increasing the benefits liability by $19,998. In 2011 there were no actuarial assumption changes.

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 2012, actuarial experience adjustments decreasing the benefits liabilities totalled $46,222. The adjustments included:

- A decrease of $26,700 as a result of fewer than expected new Extended Earnings Replacement Benefits "EERBs" and Permanent Impairment Benefits "PIBs" granted in 2012.
- A decrease of $9,900 as a result of actual payments less than expected due to positive experience trends, primarily in short-term disability.
- A decrease of $6,600 as a result of lower than anticipated inflation for awards in pay.
- A net decrease of $6,000 as a result of mortality experience.
- A decrease of $2,600 as a result of estimated cost to administer claims.
- A net increase of $6,800 as a result of higher than expected payments at later duration, primarily health care related.
- Other non-specified actuarial adjustments resulted in a decrease to the benefits liabilities of $1,222.

In 2011, actuarial experience adjustments increasing the benefits liabilities totalled $6,538. The adjustments included:

- An increase of $17,700 as a result of an increase in the provision for outstanding EERBs and PIBs for prior years.
- A decrease of $11,500 as a result of fewer than expected new EERBs and PIBs granted in 2011.
- An increase of $10,600 as a result of higher than anticipated inflation for awards in pay.
- A net increase of $2,900 as a result of higher than expected payments at later duration, primarily health care related.
- A net decrease of $5,500 as a result of mortality experience.
- A net decrease of $5,900 as a result of actual payments less than expected due to positive experience trends, primarily in short-term disability.
- Other non-specified actuarial adjustments resulted in a decrease to the benefits liabilities of $1,762.

Actuarial assumptions and methods

All liabilities were calculated using an underlying assumption of 3.5 per cent for real rate of return on assets and a rate of increase in the CPI equal to 3.0 per cent in 2012 (2011 – 3.5 per cent). The gross rate of return that results from the CPI and the real rate of return assumptions is 6.5 per cent in 2012 (2011 – 7.0 per cent). The inflation assumptions and the resulting net interest rates for 2012 and 2011 are presented below:

2012

Category	Expected Inflation	Resulting Inflation Rate	Resulting Net Interest Rate
Supplementary Benefits (LTD)	0.5% + CPI	3.5%	3.0%
All Other LTD, Survivor Pensions	50% * CPI	1.50%	5.0%
Health Care	1.75% + CPI	4.75%	1.75%
All Others	CPI	3.0%	3.5%

2011

Category	Expected Inflation	Resulting Inflation Rate	Resulting Net Interest Rate
Supplementary Benefits (LTD)	0.5% + CPI	4.0%	3.0%
All Other LTD, Survivor Pensions	50% * CPI	1.75%	5.25%
Health Care	1.75% + CPI	5.25%	1.75%
All Others	CPI	3.5%	3.5%

General Statement – Given the statutory nature of its operations, the Board adopts a long-term view for running its business. A long-term perspective avoids overreaction to what may be a temporary trend and provides for more stable assessment rates. Economic assumptions are chosen to be consistent with the Board's approved investment and funding strategies, which both consider very long-term trends. Demographic assumptions are chosen to reflect the Board's actual underlying experience. Given the significant statistical volatility associated with workers' compensation benefits, demographic assumptions are not updated each year in response to emerging experience. Rather, they are updated over time once enough experience is available to credibly suggest that deviations are due to actual trends rather than statistical fluctuations.

Consumer Price Index – The 3.00 per cent assumption for the rate of increase in CPI is chosen to be consistent with assumptions used by the Bank of Canada inflation controlled target rate of range of 1% to 3%. This rate is consistent with long-term averages.

Real Rate of Return – The 3.50 per cent real rate of return assumption was chosen to be consistent with the Board's funding and investment strategies. It is based on expected long-term real return on the assets backing the benefit liabilities. Analysis of historical returns by Board staff has shown that 3.50 per cent appears to be a reasonable and prudent real return target (after investment expenses) given the Board's strategic asset allocation for the Accident Fund.

Gross Rate of Return – The gross rate of return assumption is derived as the sum of the Board's CPI and real rate of return assumptions. Given the assumptions for CPI of 3.0 per cent and real rate of return of 3.50 per cent, the gross rate of return assumption is 6.5 per cent.

Benefit Inflation – The inflation rates assumed for the specific benefit categories are based on their relation to general consumer price inflation, as follows:

LTD & Survivor Benefits – The *Act* specifies indexing for these benefits at a rate equal to 50 per cent of the change in the CPI. The assumption is 50 per cent of CPI or 1.5 per cent (i.e. 50 per cent of 3.0 per cent).

Medical Aid Benefits – The cost of medical care has historically increased at rates exceeding the general rate of inflation. To account for this, the assumption is that increases due to medical inflation and utilization will be 1.75 per cent higher than the general rate of inflation. As a result, medical inflation assumption is 4.75 per cent (i.e. 1.75 per cent + 3.0 per cent). The appropriateness of this rate is monitored on a regular basis.

Supplementary Awards – Supplementary awards provide an income tested benefit to certain claimants injured prior to March 23, 1990. The assumption is that indexing for supplementary awards will be 0.5 per cent higher than the general rate of inflation, or 3.5 per cent (3.0 per cent + 0.5 per cent). Past reviews of supplementary award experience has shown this assumption to be adequate.

All Other Benefits – All other benefits are subject to general inflation; therefore utilizing the same assumption as used for CPI (i.e. 3.0 per cent).

Future Administration – Future administrative expenses are assumed to be equal to 6.0 per cent of future benefit payments. This assumption is based on an internal review of past administrative expenses conducted by Board staff and is assessed each year to ensure that it remains appropriate

Occupational Disease – The valuation does not include an explicit provision for occupational disease. Given the methodology used in the valuation for future award liabilities and future permanent awards, some provision for occupational disease is included in the benefits liability to the extent that past occupational disease claims are reflected in the patterns used to predict future costs.

Mortality – Mortality for permanent awards is based on the 1983 Group Annuitant Mortality Table (GAM 1983) with a 10 per cent margin (i.e. mortality rates are reduced by 10 per cent to reflect on-going increases in life expectancy). This table was selected based on the results of a study of the Board's mortality experience conducted during 2010. This assumption has a relatively limited effect on the valuation because it mainly impacts those awards which are payable for life (CRS Pensions) which make up less than 20 per cent of the liability as at December 31, 2012.

Future Permanent Awards – Future EERB and PIB awards are assumed to occur in accordance with claims run-off tables. These run-off tables are based on the past claims patterns for the Board and are updated from time to time as emerging experience dictates. The run-off tables currently in use were developed for the 2008 valuation. Each year, actual claim experience is compared to that expected by the table and minor experience adjustments are implemented when warranted.

Sensitivity Analysis of Insurance Risk

The benefit liabilities determined in the report are estimated using many actuarial assumptions. The two most significant assumptions are the long-term real rate of return (3.5 per cent) and the long-term inflation rate (3.0 per cent). The liability estimates are highly sensitive to small changes in these assumptions. The following table provides examples of sensitivity along with the implied investment rate for the test.

Section 5460 of the actuarial standards of practice for Public Personal Injury Compensation Plans requires that the WCB (at minimum) provides sensitivity testing for certain specified scenarios. These mandated scenarios are tested, along with other plausible scenarios in table below. The scenarios tested can be summarized as follows:

- Scenario 1 tests the impact of a 100 basis point decrease in the assumed rate of investment earnings.
- Scenario 2 tests the impact of a 100 basis point increase in the assumed rate of inflation.
- Scenario 3 shows the impact of using a discount rate that is equal to the expected rate of return earned on a hypothetical fixed income portfolio, consisting of high-quality bonds of pertinent duration. This scenario can also be thought of as a market value based measurement of the benefits liabilities.
- Scenario 4 shows the impact of strengthening economic assumptions by reducing the assumed inflation rate by 50 basis points.
- Scenario 5 shows the impact of strengthening economic assumptions by reducing both the assumed inflation rate and real rate of return by 50 basis points.
- Scenario 6 provides an integrated test of the impact of a high inflation, low real rate of return environment.
- Scenario 7 provides the impact of a 1 per cent increase in the assumed health care inflation rate.

Sensitivity of Valuation Assumptions

	Assumptions			Change to Liabilities and Incurred Claims		
	Real Return	Inflation	Investment	Effect	Liabilities	Incurred Claims
1	2.5%	3.0%	5.5%	Increase	$ 139,721	$ 13,053
2	3.5%	4.0%	7.5%	Decrease	(42,420)	(3,016)
3	1.0%	2.0%	3.0%	Increase	460,127	41,836
4	3.5%	2.5%	6.0%	Increase	22,329	1,582
5	3.0%	2.5%	5.5%	Increase	91,198	7,984
6	2.5%	4.0%	6.5%	Increase	91,037	9,534
7	Increase Health Care Inflation Rate by 1.0%			Increase	35,329	2,973

Claims risk management

(a) Managing insurance risk

The WCB has an objective to manage claims risk. In addition to the inherent uncertainty of claims risk, which can lead to significant variability in the loss experience, performance from operations are significantly affected by factors external to the WCB.

Insurance risk associated with the volume and cost of claims is managed by focussing on performance at the System level, the industry level and the employer level. The balanced scorecard includes corporate performance measures for financial and operational results. Annually, these metrics are linked to the funding strategy and go through a targeting exercise where corporate targets are developed. Metrics are tracked and reported to the Board of Directors quarterly.

At the industry level, Integrated Service Teams are aligned by industry, in order to focus on a single industry, and add value from an injury prevention and return-to-work perspective. Work includes assisting the industry safety associations to understand the trends in their industries and target areas where value can be added. At the employer level, employer injury frequency and trends are used to identify those employers that could improve results from a prevention and return-to-work perspective. In addition, the rate-setting model provides incentives through Experience Rating for employers to manage injuries and work to prevent future injuries.

(b) Concentration of insurance risk

A large proportion of the covered workers are employed in a relatively small number of workplaces. These workplaces receive more personalized services through Integrated Service Teams, including relationship management, prevention and return-to-work consulting. In addition to focusing on workplaces with a large number of employers, the NS Department of Labour and Advanced Education is provided with data to allow targeted occupational health & safety inspections.

Claims development table

The following claims development table is a required disclosure under International Financial Reporting Standards (IFRS). The top section of the table shows the total dollar amount expected to be paid on claims incurred in the accident year as estimated at various times. Note that claims paid are referred to as "cash flows" in the table so as to be clear that these figures do not include discounting.

To put the top section of the table in context, consider the entry in accident year 2008, and year of estimate 2008 (i.e. $268,645). This figure was the estimated total cash flows expected to be paid on accidents in 2008, as measured at December 31, 2008. The amount in accident year 2008, and year of estimate 2012 (i.e. $262,054) provides the same figure re-estimated at a later date. Estimated cash flows in respect of individual accident years will continue to change over time to the extent there are changes in actuarial assumptions and experience is different than expected.

The lower section of the table shows the development of the liability (or present value of future cash flows associated with each accident year) for accident years 2006 through 2012, as well as the liability in respect of accidents prior to 2006.

Claims Development Table

	Year of Estimate	Accident Year 2006	2007	2008	2009	2010	2011	2012	Total
Estimated Total Cash Flow	2006	$ 229,438							$ 229,438
(Including Past and Future Cash Flows)	2007	256,543	$ 264,014						520,557
	2008	255,618	258,286	$ 268,645					782,549
	2009	271,732	259,194	268,721	$ 277,094				1,076,741
	2010	272,107	264,685	274,394	272,679	$ 291,200			1,375,065
	2011	275,864	266,190	278,871	262,142	285,756	$ 307,785		1,676,608
	2012	265,628	254,151	262,054	236,655	257,080	272,468	$ 292,523	1,840,559
Current (2012) Estimate of Total Cash Flow		265,628	254,151	262,054	236,655	257,080	272,468	292,523	1,840,559
Total Cash Flows Paid to December 31, 2012		(114,607)	(102,848)	(91,043)	(75,778)	(65,632)	(50,897)	(26,048)	(526,853)
Estimated Future Cash Flows		151,021	151,303	171,011	160,877	191,448	221,571	266,475	1,313,706
Impact of Discounting		(66,249)	(66,254)	(76,532)	(72,333)	(87,870)	(102,555)	(121,513)	(593,306)
Liability in Respect of Accident Years 2006 to 2012		$ 84,772	$ 85,049	$ 94,479	$ 88,544	$ 103,578	$ 119,016	$ 144,962	720,400
Liability in Respect of Accident Years 2005 and Prior									932,721
Claims Administration									97,187
Balance Sheet Liability at December 31, 2012									$ 1,752,308

12. ASSESSMENT REVENUE

	2012	2011
Assessed employers	$ 250,917	$ 249,419
Self-insured employers (Note 16)	39,921	39,495
Assessment reporting penalties and interest	968	1,042
	$ 291,806	$ 289,956

13. ADMINISTRATION COSTS

	2012	2011
Salaries and staff expense	$ 33,651	$ 32,502
Professional, consulting and service fees	2,671	1,895
Building operations	2,227	2,170
Services contracted	1,833	1,704
Communications	1,518	1,550
Depreciation	1,453	1,765
Travel and accommodations	836	894
Supplies	815	920
Training and development	595	725
	45,599	44,125
Change in liability for future administration costs	(2,561)	(2,528)
Actuarial (gain) loss on post-employment benefits, other than pensions	(887)	4,105
	$ 42,151	$ 45,702

14. SYSTEM SUPPORT

System support costs are costs associated with providing support to the Workplace Safety Insurance System (WSIS) agencies and the Office of the Employer Advisor and the Office of the Worker Counsellor. Both offices are focused on improving the ease of stakeholders interacting with the Workplace Safety and Insurance System agencies.

15. LEGISLATED OBLIGATIONS

	2012	2011
Occupational Health and Safety	$ 7,374	$ 7,201
Workers' Advisers Program	2,654	2,709
Workers' Compensation Appeals Tribunal	1,710	1,567
Injured Workers' Associations	200	203
	$ 11,938	$ 11,680

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 the Nova Scotia Department of Labour and Advanced Education.

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 Department of Labour and Advanced Education deems appropriate, or the Governor in Council prescribes.

16. 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.

	2012	2011
Revenue	$ 39,921	$ 39,495
Claims payments made		
Short-term disability	4,967	4,467
Long-term disability	17,511	17,829
Survivor benefits	2,949	3,097
Health Care	7,963	7,625
Rehabilitation	59	66
	33,449	33,084
Administration costs	6,472	6,411
	$ 39,921	$ 39,495

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.

17. RELATED PARTY TRANSACTIONS

The WCB provides self-insured coverage to provincial government agencies and departments. The Province is considered a related party as the Province administers the *Act* through which the WCB is governed. 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 16 for the Province of Nova Scotia are as follows:

	2012	2011
Revenue	$ 6,112	$ 5,981
Claims payments made	4,757	4,769
Administration costs	1,355	1,212
	$ 6,112	$ 5,981

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, 2012, the amount receivable from the Province of Nova Scotia was $755 (2011 – $518) for claims payments made and administration costs.

Key management personnel of the WCB (comprised of the WCB CEO, Vice Presidents and Directors and the Board of Directors) are deemed related parties. In addition, close family members of the key management personnel are also related parties of the WCB. There were no transactions or relationships with these related parties with the exception of salaries and benefits shown below, that require disclosure.

WCB Salaries and Benefits *December 31*

	2012						2011	
	Number of Individuals	Salary	Benefits	Other	Total	Notes	Number of Individuals	Total
Chair, Board of Directors	1	$ 41,600	$ 1,965	-	$ 43,565		1	$ 46,577
Board of Directors	9	157,666	7,469	-	165,135		9	166,380
	10	199,266	9,434	-	208,700	1	10	212,957
Chief Executive Officer	1	220,000	23,050	$ 9,122	252,172	2	-	182,037
Acting Chief Executive Officer	-	-	-	-	-		1	96,712
Chief Financial Officer	1	156,071	23,599	3,954	183,624		1	179,175
VP People and Planning	1	76,415	10,115	7,105	93,635	3	-	104,906
Acting VP Service Delivery	-	43,579	8,465	1,827	53,871	3	1	64,900
VP People and Planning	-	25,713	3,888	651	30,252	4	1	179,175
VP Prevention and Service Delivery	1	130,358	19,711	3,303	153,372	4	-	-
	4	652,136	88,828	25,962	766,926		4	806,905
Staff Salaries & Benefits	420	25,639,484	4,520,630	260,359	30,420,473		419	29,618,751
(Average 2012 – $71,958; 2011 – $69,751)								
Post-employment Benefits	-	-	2,339,578	-	2,339,578		-	1,942,344
Administration – Salaries & Benefits	434	$ 26,490,886	$ 6,958,470	$ 286,321	$ 33,735,677	5&6	433	$ 32,580,957

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. All other Board members received a daily allowance of $300 for attendance at Board meetings and related work. In addition to the per diem, the Deputy Chair received an honorarium of $3,000 per annum and the Committee Chairs received an honorarium of $2,000 per annum.

2 The Acting CEO was appointed August 1, 2011, and was appointed as permanent CEO effective January 1, 2012.

3 The VP People and Planning was appointed effective May 22, 2012 and was previously the Acting VP Service Delivery.

4 The VP Prevention & Service Delivery was appointed effective March 1, 2012 and was previously the VP People and Planning.

5 Salary includes regular base pay. Benefits include the employer's share of the employee benefits – CPP, EI, pension, health/dental, life insurance and long term disability. 'Other' includes vacation payout and travel allowance. Total salaries and benefits in 2012 of $33,735,677 (2011 – $32,580,957) varies by $84,706 (2011 – $78,855) from Note 13 in the financial statements due to travel allowance disclosed in 'Other', which is posted to 'Travel and accommodations' in Note 13.

6 This figure represents the average number of employees on payroll during the fiscal year.

18. INDUSTRY LEVIES

As a result of Orders-in-Council or agreements with the industry associations, the WCB has levied a surcharge against the industries listed below to fund a portion of the operating costs of health and safety programs conducted by the industries. The amounts collected have been disbursed as directed by the Orders-in-Council or agreements with the industry associations. 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	2012	2011
Construction	Nova Scotia Construction Safety Association	$ 1,040	$ 960
Trucking	Nova Scotia Trucking Safety Association	255	229
Fishing	Fisheries Safety Association of Nova Scotia	182	225
Forestry	Forestry Safety Society	135	152
Auto Retailers	NS Automobile Dealers' Safety Association	122	101
Retail Gasoline	Retail Gasoline Dealers' Association	30	25
		$ 1,764	$ 1,692

19. COMMITMENTS

Operating lease commitments

The WCB leases office space under operating leases as follows:

The contractual lease agreement for Halifax office space has a non-cancellable term of four years which commenced on January 1, 2013. The agreement includes one renewal option for a period of three years with the base rent cost to be negotiated at fair market rates.

The contractual lease agreement for Sydney office space has a non-cancellable term of 10 years which commenced on November 1, 2009. The agreement includes two renewal options for a period of five years each with the base rent cost to be negotiated at fair market rates.

Lease payments recognized as an expense and included in administration expenses during the year were as follows:

	2012	2011
Basic rent[1]	$ 624	$ 669
Variable rent[2]	878	806
Total rent expense	$ 1,502	$ 1,475

1 Basic rent represents the per-square-foot base rent paid (or minimum lease payments).
2 Variable rent is the rent paid to reimburse the lessor for common area costs, insurance and property taxes.

The future aggregate minimum lease payments are as follows:

	2012	2011
Within 1 year	$ 624	$ 624
More than 1 year and up to 5 years	2,784	2,696
Later than 5 years	413	1,150
Total	$ 3,821	$ 4,470

Finance lease commitments

The WCB has finance leases for various items of equipment. Lease terms range from 3 to 5 years and have no terms of renewal, purchase options or escalation clauses. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2012 Minimum payments	2012 Present value of payments	2011 Minimum payments	2011 Present value of payments
Within one year	$ 38	$ 34	$ 83	$ 76
One to five years	62	59	99	92
Total minimum lease payments	100	93	182	168
Less finance charges	(7)	-	(14)	-
Present value of minimum lease payments	$ 93	$ 93	$ 168	$ 168

Leased assets are pledged as security for the related finance lease.

20. EMPLOYEE PENSION PLAN

Employees of the WCB participate in the Public Service Superannuation Fund ("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 2012 were $2,259 (2011 – $2,289) 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.

21. CAPITAL MANAGEMENT

The capital management objective reflects the mandate to pay benefits and to ensure the long-term financial sustainability of the Workers' Compensation System. The funding strategy outlines the WCB's planned approach to funding current operations and the eventual elimination of the unfunded liability. Funding of the Workers' Compensation System requires consideration of a number of complex variables and assumptions (rates, benefits, funding period and investment returns).

The WCB monitors the unfunded status based on the funding percentage. The funding percentage calculated by the ratio of total assets to total liabilities is 66.4 per cent (2011 – 61.7 per cent).

Together for occupational medicine

Dr. David King, Chief Medical Officer for the WCB (second from the right) worked to develop relationships with physicians and other medical service providers throughout 2012, in an effort to educate and build collaboration around safe and timely return to work. Dr. King presented to the Lunenburg Family Health Clinic regarding physician roles and responsibilities. Joining Dr. King in this photo are (L-R): Dr. Sarah Conrad, family physician; Dr. David Martel, family physician; Krissinda Knickle, nurse practitioner; Dr. Blaine Beaton, family physician.

Actuarial Certificate

We have completed an actuarial valuation of the benefit liabilities for insured employers under the *Workers' Compensation Act of Nova Scotia* (the *"Act"*) as at December 31, 2012, for the purpose of providing input to the Financial Statements of the Workers' Compensation Board of Nova Scotia (the "Board"). The valuation is in respect of assessed firms only, and does not include any provision for future payments in respect of self-insured firms

Our estimate of the benefits liabilities of $1,752,308,000 represents the actuarial present value at December 31, 2012, 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, 2012. The liabilities include a provision for future administrative expenses. As in previous valuations, the benefits liabilities do not include any provision for outstanding latent occupational disease awards, 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.

Data required for the valuation has been provided by the Board. We have reviewed the valuation data to test for reasonableness and consistency with the data used in prior years.

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% per annum for the real rate of return on invested assets and 3.00% per annum for the rate of increase in the Consumer Price Index. These assumptions are consistent with those in the Board's approved funding and investment strategies.

The CPI assumption equates to inflation rates for indexing benefits of 1.50% per annum in respect of long-term disabilities and permanent survivor benefits, because indexing for these benefits is specified under the *Act* as 50% of the rate of increase in the Consumer Price Index.

Liabilities in respect of permanent long-term disability and survivor benefits in-pay have been determined by projecting cash flows on an individual claimant basis using mortality as the only decrement.

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 3.00% per annum has been used to project future cash flows for short-term disability claims, rehabilitation, and the non-permanent portion of survivors' benefits. For health care, we used an inflation rate of 4.75% per annum reflecting the greater expected inflation and utilization rate for this benefit category.

It is our opinion that:

- the data are sufficient and reliable for the purpose of this valuation;
- the actuarial assumptions and the methods employed are appropriate for the purpose of the valuation;
- the amount of benefit liabilities makes appropriate provision for future benefit payments on accidents incurred prior to the valuation date; and
- our valuation report has been prepared and our opinions have been given in accordance with accepted actuarial practice in Canada.

Further information on the data, assumptions, methods, and valuation results can be found in our actuarial valuation report.

Jeff Turnbull
FSA, FCIA

Paul Conrad
FSA, FCIA, MAAA

Together for young worker safety

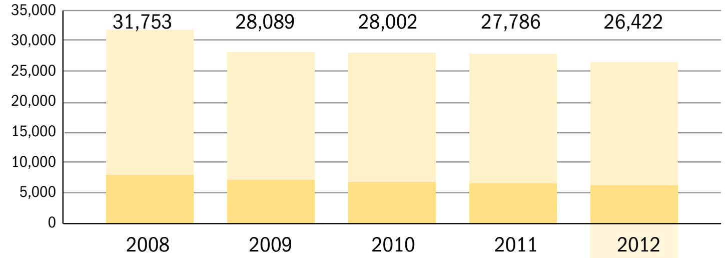
As part of our ongoing efforts to create a safety culture in Nova Scotia, we continue to take the young worker safety message deeper into the province's workplaces and communities. This includes offering safety resources to young workers and their employers, as well as encouraging workers, employers, educators and parents to talk about workplace safety. As part of that outreach, we commissioned a sculpture for the 34th Annual Clam Harbour Beach Sandcastle Competition in August. The event attracts more than 10,000 people.

In 2012:

- The total number of claims registered decreased by 4.9 per cent from 27,786 in 2011 to 26,422 in 2012.
- The total number of time-loss claims in 2012 is 6,341, a 4.2 per cent decrease from the 2011 total of 6,616. This represents 275 fewer workers who sustained injuries severe enough to miss three or more days of work.
- Sprains and strains remain the most common type of time-loss injury, comprising 66 per cent of all 2012 compensable time-loss claims.
- At 32.1 per cent, back injuries comprise nearly one third of all time-loss injuries in 2012.
- Total assessable payroll has increased steadily since 2005. The current figure is $9.48 billion, a 25 per cent increase from the 2005 figure of $7.61 billion.
- Health and Social Services is the largest industry sector in the province and accounts for the highest volume of time loss injuries at 1,594 in 2012.
- The injury rate in Retail, the province's third largest sector, fell notably from 1.50 in 2011 to 1.29 in 2012
- Overall, the provincial injury rate has once again decreased from 2.02 in 2011 to 1.96 in 2012.

2012 Statistical Summary

Status of New Claims



	2008	2009	2010	2011	2012
Compensable Time Loss	8,050	7,206	6,921	6,616	6,341
Other:					
No Compensable Time Loss	16,910	14,625	14,717	15,960	15,565
Not Pursued or Disallowed	6,793	6,258	6,364	5,210	4,516
Other Subtotal	23,703	20,883	21,081	21,170	20,081
Total	31,753	28,089	28,002	27,786	26,422
Fatalities[2]	29	32	23	27	32
Clients with Registered Claims[1]	27,944	25,110	24,771	24,519	23,548

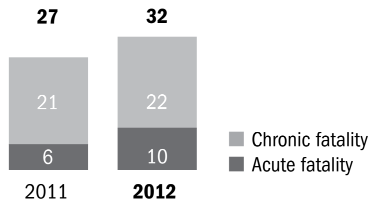
[1] Claims represented are those registered during the report year. Time-loss claims are defined as those claims which received a time-loss benefit during the report year, or within two months of the report year.
Some WCB clients may have more than one injury/claim in a year, therefore, the number of clients with claims registered does not equal the number of claims registered.

[2] Fatalities include all workplace injuries that resulted in the acute or chronic death of a worker as reported by the OH&S Division of the Nova Scotia Department of Labour and Advanced Education. Reporting methodology differs starting in 2011.

Workplace Fatalities in Nova Scotia: 2012

32 workplace fatalities occurred in Nova Scotia in 2012.

Type of fatality



The average age of workers suffering a workplace fatality is **62**

10 deaths were classified as "acute," and were caused by traumatic injuries at a workplace.

22 deaths were classified as "chronic." This includes two categories:

- 9 deaths related to occupational diseases or conditions, often from previous exposures; and
- 13 deaths occurring at a workplace, from other health conditions not necessarily related to the work, primarily cardiac events.

Beginning in 2011, the WCB and the Nova Scotia Department of Labour and Advanced Education's Occupational Health and Safety Division began reporting a single fatality number including both deaths at worksites, and deaths due to occupational disease or illness from previous exposures in a given year. Occupational disease fatalities are those which occurred in 2012, and are on record as of year end.

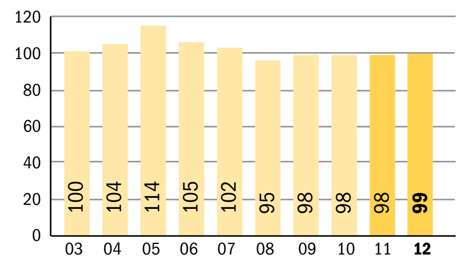
Injury Frequency and Claim Volumes by Industry For Nova Scotia, 2012

	Excluding Self Insured Claims							Including Self Insured Claims			
	Assessable Payroll ($ millions)	% of Total Assessable Payroll	Number of Claims Registered (No Self Insured)	% of Claims Registered (No Self Insured)	Number of Time-Loss Claims (No Self Insured)	% of Time-Loss Claims (No Self Insured)	Injury Frequency	Number of Claims Registered (Inc. Self Insured)	% of Claims Registered (Inc. Self Insured)	Number of Time-Loss Claims (Inc. Self Insured)	% of Time-Loss Claims (Inc. Self Insured)
Health/Social Services	1,795.6	18.9%	5,137	21.1%	1,594	27.9%	3.14%	5,137	19.4%	1,594	25.1%
Manufacturing	1,278.2	13.5%	3,721	15.3%	721	12.6%	2.08%	3,721	14.1%	721	11.4%
Retail Trade	1,249.2	13.2%	2,673	11.0%	616	10.8%	1.29%	2,777	10.5%	654	10.3%
Construction	1,024.9	10.8%	2,613	10.7%	670	11.7%	2.54%	2,613	9.9%	670	10.6%
Wholesale Trade	773.5	8.2%	1,878	7.7%	326	5.7%	1.40%	1,878	7.1%	326	5.1%
Accommodation/Food/Beverages	520.1	5.5%	1,860	7.6%	404	7.1%	1.55%	1,860	7.0%	404	6.4%
Transportation/Storage	487.6	5.1%	1,141	4.7%	360	6.3%	3.01%	1,150	4.4%	363	5.7%
Business Services	485.9	5.1%	436	1.8%	107	1.9%	0.61%	436	1.7%	107	1.7%
Communication/Utilities	431.4	4.6%	790	3.2%	166	2.9%	1.54%	1,158	4.4%	328	5.2%
Government Services	352.8	3.7%	532	2.2%	125	2.2%	1.34%	2,083	7.9%	559	8.8%
Other Services	322.4	3.4%	722	3.0%	174	3.1%	1.46%	722	2.7%	174	2.7%
Educational Services	267.8	2.8%	843	3.5%	208	3.7%	2.39%	847	3.2%	208	3.3%
Fishing/Trapping	184.1	2.0%	319	1.3%	94	1.7%	2.36%	319	1.2%	94	1.5%
Real Estate/Insurance Agents	105.8	1.1%	160	0.7%	38	0.7%	1.21%	160	0.6%	38	0.6%
Agriculture/Related Services	68.0	0.7%	163	0.7%	49	0.9%	1.98%	163	0.6%	49	0.8%
Mining/Quarries/Oil Wells	64.6	0.7%	110	0.4%	18	0.3%	1.42%	138	0.5%	18	0.3%
Logging/Forestry	41.7	0.4%	86	0.3%	31	0.5%	2.37%	86	0.3%	31	0.5%
Finance/Insurance	29.9	0.3%	15	0.1%	1	0.0%	0.16%	15	0.1%	1	0.0%
Unknown	0.0	0.0%	1,159	4.7%	2	0.0%	0.00%	1,159	4.4%	2	0.0%
Total	$9,483.5	100.0%	24,358	100.0%	5,704	100.0%		26,422	100.0%	6,341	100.0%

** Starting in 2012, School Boards (SIC 8363) are captured in Educational Services. Previously, they have fallen under Government Services.*

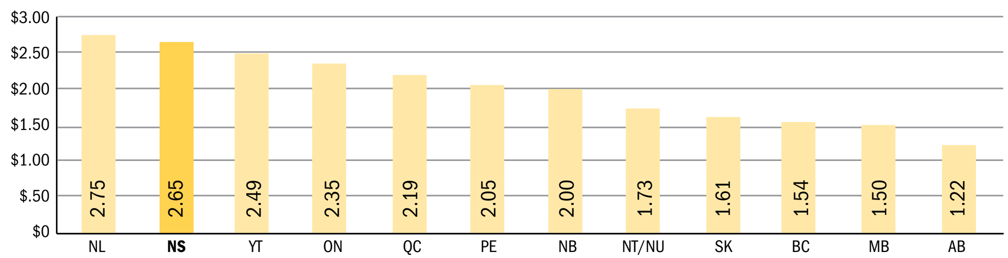
Composite Duration Index

Using AWCBC Composite Method



Targeted Average Assessment Rate

All Provinces per $100 of asessable payroll, 2011



Injury Frequency and Claim Volumes by Industry For Nova Scotia, 2011

	Excluding Self Insured Claims							Including Self Insured Claims			
	Assessable Payroll ($ millions)	% of Total Assessable Payroll	Number of Claims Registered (No Self Insured)	% of Claims Registered (No Self Insured)	Number of Time-Loss Claims (No Self Insured)	% of Time-Loss Claims (No Self Insured)	Injury Frequency	Number of Claims Registered (Inc. Self Insured)	% of Claims Registered (Inc. Self Insured)	Number of Time-Loss Claims (Inc. Self Insured)	% of Time-Loss Claims (Inc. Self Insured)
Health/Social Services	1,776.4	19.0%	5,101	19.8%	1,562	26.3%	3.03%	5,101	18.4%	1,562	23.6%
Manufacturing	1,290.2	13.8%	4,525	17.6%	793	13.4%	2.11%	4,525	16.3%	793	12.0%
Retail Trade	1,224.6	13.1%	3,029	11.8%	715	12.0%	1.50%	3,147	11.3%	762	11.5%
Construction	1,017.7	10.9%	2,754	10.7%	652	11.0%	2.44%	2,754	9.9%	652	9.8%
Wholesale Trade	743.8	8.0%	1,826	7.1%	369	6.2%	1.56%	1,826	6.6%	369	5.6%
Accommodation/Food/Beverages	507.2	5.4%	1,860	7.2%	416	7.0%	1.65%	1,860	6.7%	416	6.3%
Transportation/Storage	470.6	5.0%	1,215	4.7%	348	5.9%	3.03%	1,231	4.4%	355	5.4%
Business Services	482.3	5.2%	455	1.8%	110	1.9%	0.66%	455	1.6%	110	1.7%
Communication/Utilities	416.7	4.5%	687	2.7%	162	2.7%	1.46%	1,087	3.9%	317	4.8%
Government Services	540.8	5.8%	1,229	4.8%	299	5.0%	1.91%	2,753	9.9%	768	11.6%
Other Services	312.1	3.3%	788	3.1%	189	3.2%	1.61%	788	2.8%	189	2.9%
Educational Services	78.2	0.8%	82	0.3%	12	0.2%	0.45%	82	0.3%	12	0.2%
Fishing/Trapping	181.7	1.9%	373	1.4%	144	2.4%	3.56%	373	1.3%	144	2.2%
Real Estate/Insurance Agents	104.9	1.1%	188	0.7%	43	0.7%	1.26%	188	0.7%	43	0.6%
Agriculture/Related Services	65.7	0.7%	168	0.7%	58	1.0%	2.68%	168	0.6%	58	0.9%
Mining/Quarries/Oil Wells	65.5	0.7%	122	0.5%	19	0.3%	1.32%	157	0.6%	20	0.3%
Logging/Forestry	45.7	0.5%	102	0.4%	43	0.7%	3.31%	102	0.4%	43	0.6%
Finance/Insurance	30.0	0.3%	19	0.1%	3	0.1%	0.41%	19	0.1%	3	0.0%
Unknown	0.0	0.0%	1,170	4.6%	0	0.0%	0.00%	1,170	4.2%	0	0.0%
Total	$9,354.3	100.0%	25,693	100.0%	5,937	100.0%		27,786	100.0%	6,616	100.0%

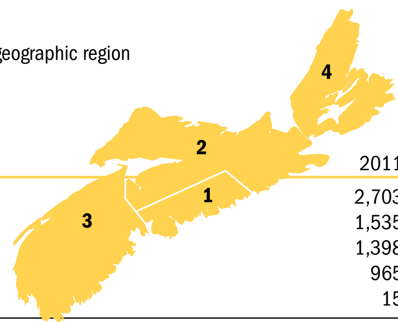
Gender of Client

Compensable time-loss claims

	2011		2012	
Male	3,862	58.4%	3,550	56.0%
Female	2,754	41.6%	2,791	44.0%
	6,616	100.0%	6,341	100.0%

Injury Region

Compensable time-loss claims by geographic region



	2011	%	2012	%
1 Halifax Regional Municipality	2,703	40.9%	2,716	42.9%
2 Central & North Shore	1,535	23.2%	1,352	21.3%
3 South Shore & Valley	1,398	21.1%	1,326	20.9%
4 Cape Breton	965	14.6%	927	14.6%
Other	15	0.2%	20	0.3%
	6,616	100.0%	6,341	100.0%

Nature of Injury

Compensable time-loss claims

	2011	%	2012	%
Sprains, Strains	4,140	62.6%	4,186	66.0%
Contusion, Crushing, Bruise	400	6.0%	440	6.9%
Fractures, Dislocations	540	8.1%	430	6.8%
Inflamed Joint, Tendon, Muscle	390	5.9%	307	4.9%
Cut, Laceration, Puncture	353	5.3%	305	4.8%
All Other	230	3.5%	198	3.1%
Other traumatic injuries and disorders	243	3.7%	167	2.6%
Concussions, Intracranial Injuries	143	2.2%	156	2.5%
Digestive system diseases and disorders	74	1.1%	77	1.2%
Burns	103	1.6%	75	1.2%
Total	6,616	100.0%	6,341	100.0%

Part of Body

Compensable time-loss claims

	2011	%	2012	%
Back	2,088	31.6%	2,037	32.1%
Shoulder(s)	664	10.0%	630	9.9%
Leg(s)	619	9.4%	549	8.7%
Multiple Parts	570	8.6%	545	8.6%
All other	522	7.9%	526	8.3%
Fingers	403	6.1%	354	5.6%
Arms(s) (above wrist)	281	4.3%	283	4.5%
Ankle	298	4.5%	279	4.4%
Wrist	270	4.1%	215	3.4%
Neck	161	2.4%	189	3.0%
Hand (does not include fingers)	186	2.8%	179	2.8%
Cranial region, including skull	135	2.0%	155	2.4%
Foot (does not include toes)	135	2.0%	146	2.3%
Pelvic Region	139	2.1%	130	2.0%
Chest	145	2.2%	124	2.0%
Total	6,616	100.0%	6,341	100.0%

Age at Injury Date

Compensable time-loss claims

	2011	%	2012	%
Less than 20	131	2.0%	137	2.2%
20 to 24	520	7.9%	491	7.7%
25 to 29	561	8.5%	507	8.0%
30 to 34	588	8.9%	572	9.0%
35 to 39	692	10.5%	619	9.8%
40 to 44	856	12.9%	788	12.4%
45 to 49	975	14.7%	952	15.0%
50 to 54	1071	16.2%	1004	15.8%
55 to 59	731	11.0%	752	11.9%
60 to 64	383	5.8%	408	6.4%
65 or older	108	1.6%	111	1.8%
Total	6,616	100.0%	6,341	100.0%

Claims Registered by Firm

Number of Firms	Number of claims Registered 2012	% of all Firms	Number of new claims registered	% of New Claims Registered
13	200 or more	0.07%	5,406	20.46%
30	100 or more	0.17%	7,538	28.53%
60	50 or more	0.33%	9,617	36.40%
145	25 or more	0.80%	12,457	47.15%
407	10 or more	2.24%	16,500	62.45%
853	5 or more	4.69%	19,405	73.44%

Our Vision

Nova Scotians – safe and secure from workplace injury.

Our Mission

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

Our 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.

Our 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.

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