WCB Nova Scotia
Annual Report 2017

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

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For Ashley Schaffner (right), Continuing Care Assistant at Rosecrest Communities Nursing Home the Sagewood, coming to work every day is a joy. Taking care of residents like Laraine Gellatly is the reason she loves her job, and also the reason she keeps her own safety top of mind.

Year at a Glance

Year at a Glance (Dollar amounts in millions unless noted)	2017	2016	2015
Number of Covered Employers (Assessed and Self Insured)	19,500	19,100	18,800
Labour Force Covered	75%	75%	73%
Number of Claims Registered	23,952	24,311	23,933
Number of Compensable Time-Loss Claims Registered	5,906	5,847	6,014
Composite Duration Index (in days)	117	110	108
Targeted Average Assessment Rate (per $100 of assessable payroll)	$2.65	$2.65	$2.65
Actual Average Assessment Rate	$2.66	$2.65	$2.67
Assessable Payroll (billions)	$10.9	$10.5	$10.2
Assessment Revenue	$329.0	$319.0	$314.2
Investment Income	$163.2	$100.1	$69.7
Administration Costs	$53.8	$54.2	$51.3
Legislated Obligations	$15.7	$15.4	$15.2
Claims Costs Incurred	$219.8	$212.5	$204.0
Comprehensive Income	$100.3	$64.2	$72.6
Assets (billions)	$1.8	$1.7	$1.6
Liabilities (billions)	$2.0	$2.0	$2.0
Funded Ratio	89%	84%	81%
One-year Investment Returns Rate	10.3%	6.7%	5.0%
Timeliness of First Payment to Injured Workers (percentage of payments made within 15 days of injury - 12 month average)	65.3%	70.2%	70.8%
Injury Rate: Time-Loss Claims per 100 Covered Workers	1.76	1.74	1.84

Message from the Chair and Board of Directors

The WCB Nova Scotia Board of Directors is responsible for representing stakeholder viewpoints while considering the interests of the WCB and the system overall. The Board consists of four employer and four worker representatives, along with a Chair and Deputy Chair.

L-R front row: Stuart MacLean, Chief Executive Officer; Rodney Burgar, Chair; Chris Power, Deputy Chair; L-R back row: Duncan Williams, Employer Representative; Brad Fraser, Executive Corporate Secretary; Steve Ashton, Employer Representative; Betty Jean Sutherland, Worker Representative; Janet Hazelton, Worker Representative; Jeff Brett, Worker Representative; Rick Clarke, Worker Representative; Angus Bonnyman, Employer Representative; Luc Erjavec, Employer Representative.

In 2017, WCB Nova Scotia marked 100 years of operation.

There has been incredible progress over that century. But for me and for the rest of our Board of Directors, it's actually the next 100 years that truly inspire us.

That's because we are at the outset of a new reality in the administration of workers' compensation in Nova Scotia.

In Canada, most workers go to work every day with the assurance that should they be hurt on the job, someone will be there to help. Employers, in turn, benefit from a system based in collective liability, and wherein they are protected from lawsuit.

This historic compromise is at the heart of our system. The Board of Directors believes deeply in the principles of workers' compensation, whether we represent worker, or employer stakeholders.

As we mark 100 years, we must recognize both vast progress, and vast opportunity. Perhaps more than ever, our governance, today, requires broad perspective.

We must have the perspective to realize that while some industries, like fishing, are seeing incredible progress, other industries have much opportunity. We must support stronger safety conversations in long-term care and home care, and we were pleased to see this conversation move forward in 2017.

Similarly, we need to appreciate that while updated technology is one part of the service picture, there is also much opportunity to ensure our people continually improve the service we provide overall. As an organization, we must always do all we can to improve prevention and return-to-work outcomes through better service.

And, as we can see the elimination of the unfunded liability move closer and closer on the horizon, we must have the perspective to begin the important conversation about what "full funding" looks like.

Workplace injury takes a much lower toll on the province than it once did. But, it still costs Nova Scotia too much – not only in dollars, but in human costs. We know that for our long-term progress to continue, we need to be different.

The challenges we will face during the 100 years ahead are different from the challenges of the past. Our journey of change will improve the WCB, in every way.

The Board of Directors is proud of the progress WCB Nova Scotia has made, together with our partners. We truly look forward to the vast potential in the years to come.

Rodney Burgar
Chair, WCB Nova Scotia Board of Directors

Message from the CEO

I've been part of this organization for more than 30 years – nearly one third of its 100-year history. And in those years, I have never seen the kind of opportunity that I see today.

The basic concepts of workers' compensation today are as valuable as they were 100 years ago. But the place it holds in our society, and the way we administer it, are very different.

We are on a path of long-term continuous improvement. Since 2005, when we began the bulk of our prevention programming, the number of people hurt on the job has decreased by 30 per cent, and the time lost to that injury has decreased dramatically.

But in 2017 that improvement slowed a little, as we face complex challenges, in complex industries, in complex workplace environments.

The typical time-loss claim is no longer a cut, a bruise, or a broken bone from work in coal, steel, or other heavy industry. It is most likely a soft-tissue injury, caused by lifting or moving another person in the process of caring for them. And, it's also increasingly likely to not be purely physical – more and more often, there are other factors related to mental health that need to be considered.

We're changing to address these changing realities, and the expectations of those we serve.

We know we need to do things differently. That's why, for example, we've launched online services, where we're now serving more than 5,300 workers. We're changing our core systems from manual processes, to industry-leading technology. And most importantly, we're evolving our workforce, to have the right people, with the right skills, in the right job.

Why? Because we see a future that's different from the past.

We know that we're just getting started, when it comes to the role we play in the province that Nova Scotia can be.

We know we can do our part to reduce the impact of injury – by making it easier to do business with us, by being better at what we do, by updating our systems in a fundamental way.

We have confidence in our people, and the people in the workplaces we serve. We know that industries like long-term care, home care, residential construction and others who are at the outset of safety conversations can achieve progress, in the way that other sectors have done.

WCB Nova Scotia has an important role, as our province makes the most of opportunities before it.

Opportunities to be a healthier, working population. Opportunities to prevent workplace injuries, and to better support workers and employers when they do happen. And, opportunities, to reduce the time lost to workplace injury.

Stuart MacLean
CEO, WCB Nova Scotia

Our positive financial performance must continue, as we move closer to eliminating the unfunded liability. We will continue, every day, to help workers and employers prevent injury, and to be there for them when it does occur, supporting a safe and timely return to work. And we will do all of this supported by modern, world-class technology.

As we continue to modernize our organization and prepare our employees to work differently, we know that these efforts and investments, while vital for our success into the future, are having a short-term impact on our ability to meet and exceed all of our performance targets. With significant changes still to come, we do expect continued pressure on our results, but we are also determined to maintain our focus and will strive to continue to fulfill our role in helping to achieve the safety outcomes Nova Scotia needs and expects.

I am proud of what we accomplished in 2017. As we begin our next 100 years, I look forward to all of the opportunities before us.

Stuart MacLean
CEO, WCB Nova Scotia

Message from the Client Relations Officer

When issues arise with the WCB's service, it is important for workers and employers to have someone to reach to who will listen to their concerns. As the Client Relations Officer, my role is to resolve service issues and to work in collaboration with our service delivery teams to ensure the best outcome possible.

In 2017, I received 1,400 service-related inquiries and from those, 45 formal complaints were documented. Twenty-four complaints were substantiated, the majority of which were related to issues of timeliness, including delays in communication, adjudication and the implementation of appeal decisions. These statistics are generally consistent with the previous year.

By talking with case workers on a daily basis and participating in team meetings, I am able to raise awareness and understanding about service issues, and we work together to find appropriate solutions.

I provide quarterly reports to the Board of Directors, and meet with the Board annually to share highlights of the concerns that have been reported to my office. It is important for the Board to understand how our service is perceived so we remain accountable to workers and employers and identify areas for improvement.

My goal is to answer each inquiry I receive with compassion and understanding. The many employers and workers I have met over the years provide a constant reminder of the importance of listening, and taking action to continue to improve our service.

Tim McInnis
Client Relations Officer, WCB Nova Scotia

Executive Team

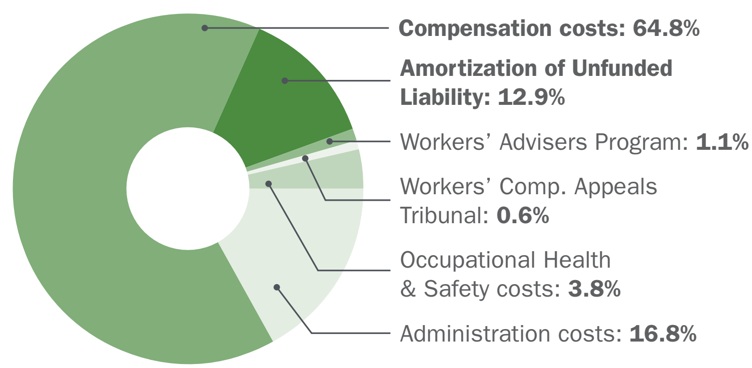
(L-R): Stuart MacLean, Chief Executive Officer; Leo McKenna, VP Corporate Services and Chief Financial Officer; Shelley Rowan, VP Prevention and Service Delivery; Wendy Griffin, VP People and Change; Brad Fraser, Executive Corporate Secretary

Our Financial Results

Our 2017 Financial Results reflect our efforts to build a strong, stable, and sustainable system that serves workers and employers today and in the years to come. Driven by best practice and the relentless pursuit of continuous improvement, we're proud of the progress we've made to eliminate the unfunded liability and modernize our organization, while keeping rates stable.

Where every dollar goes

The assessment revenue collected by WCB Nova Scotia funds the entire workers' compensation system, including the Workers' Advisers Program and the Workers' Compensation Appeals Tribunal. It's important to note that our 2017 administration costs include investments we're making to modernize our business, and replace our old claims and assessment systems.



Breakdown of the 2017 Actual Assessment Dollar

77.7% of every assessment dollar goes to pay for claims-related costs.

Assessable Payroll

Assessable payroll for covered employers in Nova Scotia has grown steadily. As the overall provincial payroll has grown, the rate of workplace injury has continued to decline. At the same time, injury duration has remained stubbornly high. Improving our approach to safe and timely return to work would help support the positive economic momentum that Nova Scotians have worked hard to cultivate over the past several years.

Total Assessable Payroll For WCB Nova Scotia, 2012 - 2017 (in millions)

Assessment Revenue

Our assessment revenue has grown at an average annual rate of about 2.5 per cent over the last five years. This modest growth has allowed WCB Nova Scotia to keep pace with rising costs within the system, while still maintaining stability, reducing the unfunded liability, and modernizing WCB operations.

Total Assessment Revenue For WCB Nova Scotia, 2012 - 2017 (in millions)

Our Financial Results

Investment Income

Careful and strategic management of funds that will pay for compensation benefits into the future has resulted in significant income gains in recent years. Although the market has experienced some peaks and valleys, our returns have consistently outperformed market benchmarks.

Total Investment Income For WCB Nova Scotia, 2012 - 2017
(in millions)

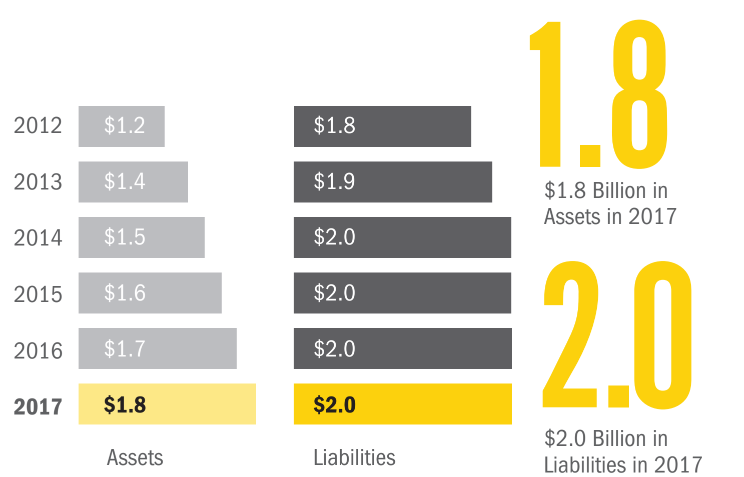
Claim Payments

Claim payments, which include payments made by WCB for income replacement benefits, medical services, travel expenses and retraining, have climbed steadily. Service improvements, supported by new vendor contracts, have helped to improve cost savings over time.

Total Claim Payments For WCB Nova Scotia, 2012 - 2017
(in millions)

Assets and Liabilities

Over time we've narrowed the gap between liabilities and assets. In 2017 our funded percentage reached 89 per cent, and as a result, we can begin to have important conversations about the opportunities that a fully funded system may provide for workers and employers.



Total Assets / Liabilities For WCB Nova Scotia, 2012 - 2017
(in billions)

Balanced Scorecard Measures

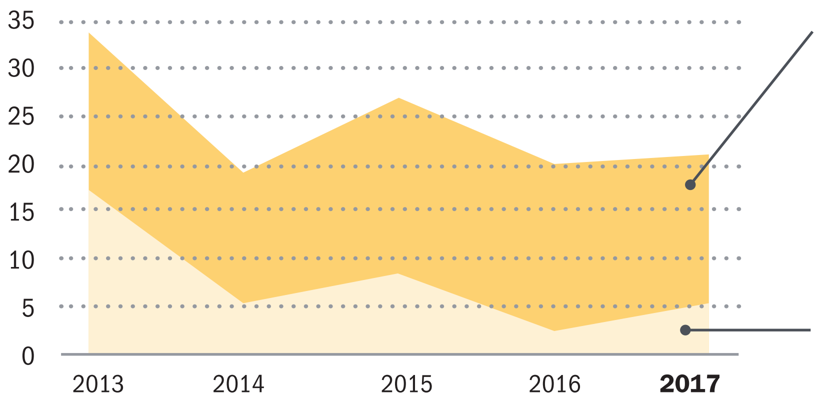
WCB Nova Scotia tracks performance using a Balanced Scorecard that contains a mix of financial and non-financial performance measures crucial to the fulfillment of our vision, mission, and goals. These performance measures help us drive change, enhance our business operations, and identify challenges and opportunities so we can better meet the needs of the people we serve. The four quadrants of our scorecard are Service, Operations, Employee, and Financial.

	Actual 2016	Actual 2017	Target 2017	Target 2018	Target 2022
Service					
Worker Satisfaction Index	74%	76%	70%	70%	70%
Employer Satisfaction Index	79%	78%	70%	70%	70%
Operations					
Time-Loss Injuries per 100 Covered Workers	1.74	1.76	1.72	1.76	1.62
Composite Duration Index (in days)	110	117	110	117	114
Time-Loss Days Paid per 100 Covered Employees	232	241	229	241	220
Cost of New EERBs ($M)	$59.2	$67.8	$59.6	$57.7	$63.2
Return to Employability	95.2%	94.4%	95.4%	95.4%	95.3%
Employee					
WCB Employee Satisfaction Index	71%	70%	70%	70%	70%
Financial					
Claims Payments for the past 3 years per $100 of Assessable Payroll	$0.664	$0.667	$0.673	$0.665	$0.654
Administration costs per $100 of assessable payroll (excluding prevention costs)	$0.40	$0.41	$0.45	$0.48	$0.37
Five-Year Rate of Return on Investment (as measured by the Benchmark Portfolio Return)			Exceed Benchmark Portfolio Return	Exceed Benchmark Portfolio Return	Exceed Benchmark Portfolio Return
Five-Year Return	9.8%	9.6%			
Five-Year Target	9.3%	9.3%			

Statistical Summary

WORKPLACE FATALITIES IN NOVA SCOTIA: 2017

There are stilll too many people dying in Nova Scotia as a result of their work. This measure, more than any other, must motivate us to achieve a stronger safety culture, where work is only done if it can be done safely.



In 2017 there were **16** chronic deaths. Deaths classified as "chronic" include two categories:

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

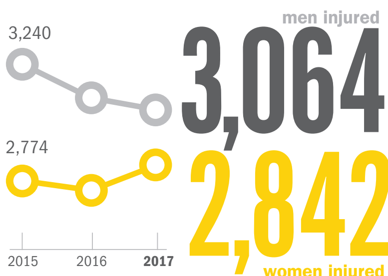
In 2017, there were **5** acute fatalities, caused by traumatic injuries at a workplace.

WCB Nova Scotia and the Nova Scotia Department of Labour and Advanced Education's Occupational Health and Safety Division report 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 2017, and are on record as of year-end.

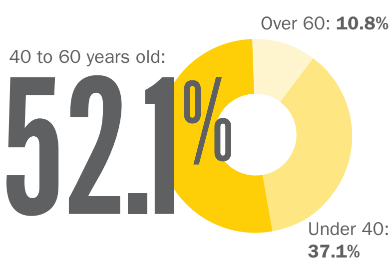
GENDER OF CLIENT

WOMEN are gaining ground on men, in terms of the number of workplace injuries. **WORKERS AGED 40 TO 60** years are hurt in greater numbers than workers under 40 years.

Gender of worker
Compensable time-loss claims, 2015-2017

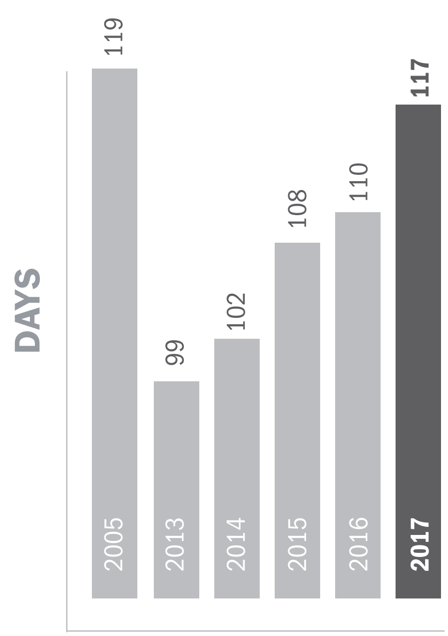


Age at Injury Date
Compensable time-loss claims, 2017



COMPOSITE DURATION INDEX

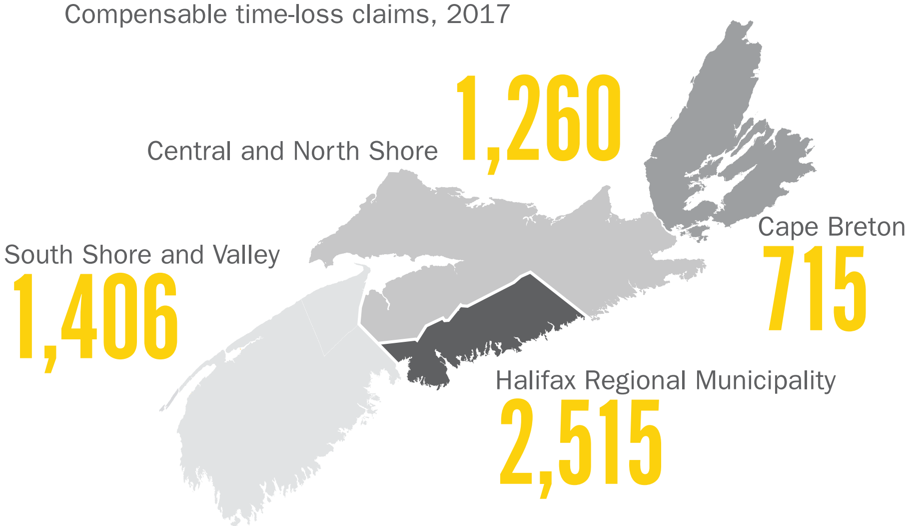
Using AWCBC Composite Method.



Statistical Summary

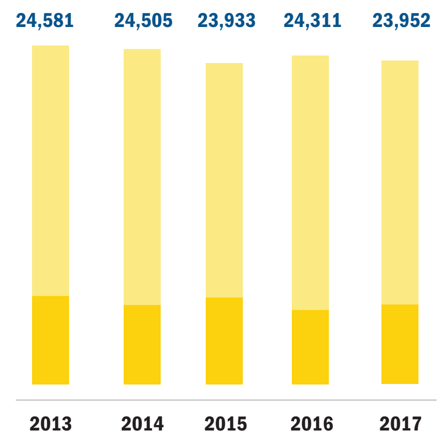
INJURY BY REGION

Compensable time-loss claims, 2017



10 claims were not classified to a particular region of the province.

STATUS OF NEW CLAIMS



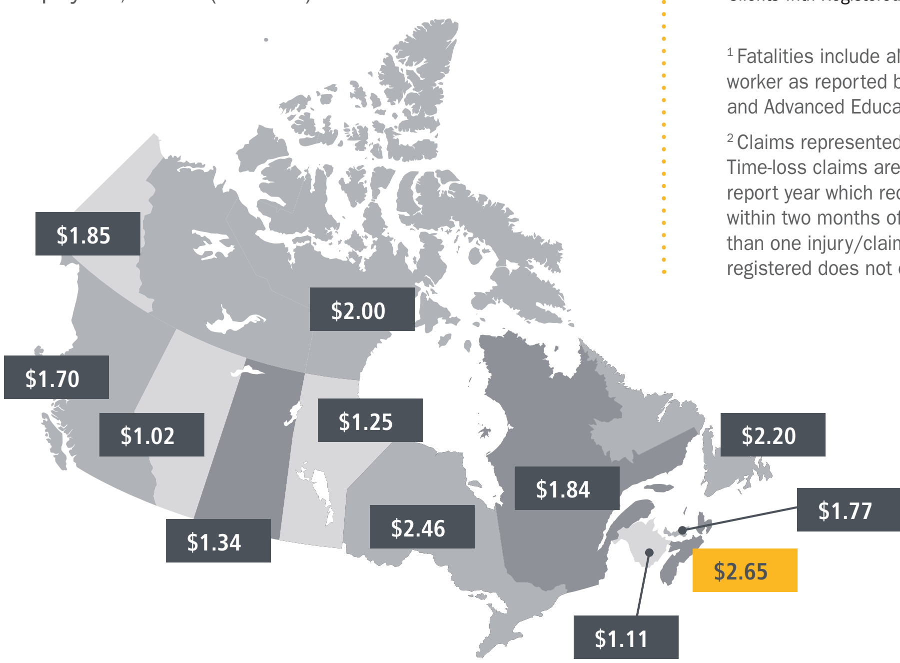
	2013	2014	2015	2016	2017
Compensable Time Loss	6,034	5,953	6,014	5,847	5,906
Other:					
No Compensable Time Loss	14,374	14,342	13,356	13,545	12,972
Not Pursued or Disallowed	4,173	4,210	4,563	4,919	5,074
Other Subtotal	18,547	18,552	17,919	18,464	18,046
Total	24,581	24,505	23,933	24,311	23,952
Fatalities[1]	34	19	27	20	21
Clients with Registered Claims[2]	22,410	22,410	21,790	22,026	21,841

[1] Fatalities include all workplace injuries that resulted in the death of a worker as reported by the OH&S Division of the NS Department of Labour and Advanced Education.

[2] Claims represented are those with accident dates during the report year. Time-loss claims are defined as those claims with accident dates in the report year 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.

TARGETED AVERAGE ASSESSMENT RATE

All provinces per $100 of assessable payroll, 2016 (AWCBC)



Injury Statistics

INJURY FREQUENCY AND CLAIM VOLUMES BY INDUSTRY

For Nova Scotia, 2017

	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	Injury Frequency Last Year (2016)	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	2,077.2	19.1%	5,045	22.6%	1,694	31.0%	3.16	3.11	5,045	21.1%	1,694	28.7%
Retail Trade	1,415.8	13.0%	2,498	11.2%	592	10.9%	1.20	1.30	2,568	10.7%	607	10.3%
Manufacturing	1,350.4	12.4%	2,996	13.4%	627	11.5%	1.84	1.87	2,996	12.5%	627	10.6%
Construction	1,219.4	11.2%	2,446	10.9%	537	9.8%	1.88	1.91	2,446	10.2%	537	9.1%
Wholesale Trade	909.9	8.4%	1,449	6.5%	306	5.6%	1.23	1.18	1,449	6.1%	306	5.2%
Accommodation/Food/Beverages	647.7	6.0%	1,827	8.2%	440	8.1%	1.60	1.38	1,827	7.6%	440	7.5%
Transportation/Storage	565.0	5.2%	1,129	5.0%	327	6.0%	2.62	2.47	1,136	4.7%	328	5.5%
Business Services	523.2	4.8%	400	1.8%	80	1.5%	0.46	0.64	400	1.7%	80	1.3%
Communication/Utilities	441.3	4.1%	658	3.0%	123	2.3%	1.28	1.07	860	3.6%	207	3.5%
Government Services	407.5	3.7%	566	2.5%	147	2.7%	1.55	1.44	1,851	7.7%	494	8.4%
Other Services	356.7	3.3%	680	3.0%	177	3.2%	1.47	1.48	680	2.8%	177	3.0%
Educational Services	298.9	2.7%	674	3.0%	175	3.2%	1.96	1.94	675	2.8%	175	3.0%
Fishing/Trapping	282.7	2.6%	272	1.2%	99	1.8%	1.72	1.77	272	1.1%	99	1.7%
Real Estate/Insurance Agents	136.7	1.3%	179	0.8%	41	0.8%	1.02	1.94	179	0.8%	41	0.7%
Mining/Quarries/Oil Wells	87.2	0.8%	110	0.5%	18	0.3%	1.12	1.43	136	0.6%	18	0.3%
Agriculture/Related Services	81.2	0.7%	188	0.9%	49	0.9%	1.97	1.56	188	0.8%	49	0.8%
Logging/Forestry	44.7	0.4%	74	0.3%	23	0.4%	2.23	1.39	74	0.3%	23	0.4%
Finance/Insurance	34.9	0.3%	9	0.0%	2	0.0%	0.32	0.18	9	0.0%	2	0.0%
Unknown	0.0	0.0%	1,161	5.2%	2	0.0%	0.00	0.00	1,161	4.9%	2	0.0%
Total	$10,880.2	100.0%	22,361	100.0%	5,459	100.0%			23,952	100.0%	5,906	100.0%

CLAIMS REGISTERED BY FIRM

Number of Firms	Number of Claims Registered 2017	% of all Firms	Number of New Claims Registered	% of New Claims Registered	% of Total Assessable Payroll ($millions)
11	200 or more	0.1%	5,118	21.4%	17.2%
23	100 or more	0.1%	6,687	27.9%	22.7%
45	50 or more	0.2%	8,136	34.0%	26.8%
126	25 or more	0.7%	10,991	45.9%	34.3%
372	10 or more	1.9%	14,648	61.1%	46.4%
763	5 or more	3.9%	17,156	71.6%	56.0%

Injury Statistics

AGE AT INJURY DATE

Compensable time-loss claims

	2016	%	2017	%
Less than 20	130	2.2%	109	1.8%
20 to 24	431	7.4%	418	7.1%
25 to 29	570	9.7%	589	10.0%
30 to 34	490	8.4%	518	8.8%
35 to 39	560	9.6%	553	9.4%
40 to 44	658	11.3%	653	11.1%
45 to 49	738	12.6%	730	12.3%
50 to 54	832	14.2%	866	14.7%
55 to 59	786	13.4%	827	14.0%
60 to 64	489	8.4%	440	7.4%
65 or older	163	2.8%	203	3.4%
Total	5,847	100.0%	5,906	100.0%

SOURCE OF INJURY

Compensable time-loss claims

	2016	%	2017	%
Persons, Plants, Animals, and Minerals	2,439	41.7%	2,538	43.0%
Structures and Surfaces	1,044	17.8%	1,018	17.2%
Containers	629	10.8%	621	10.5%
Parts and Materials	426	7.3%	448	7.6%
Vehicles	378	6.5%	370	6.2%
Tools, Instruments, and Equipment	311	5.3%	318	5.4%
Machinery	241	4.1%	223	3.8%
Furniture and Fixtures	213	3.6%	208	3.5%
Other Sources	144	2.5%	134	2.3%
Chemicals and Chemical Products	22	0.4%	28	0.5%
Total	5,847	100.0%	5,906	100.0%

PART OF BODY

Compensable time-loss claims

	2016	%	2017	%
Back, including spine, spinal cord	1,674	28.6%	1,617	27.4%
Shoulder, including clavicle, scapula	527	9.0%	622	10.5%
Leg(s)	569	9.7%	569	9.6%
Multiple body parts	498	8.5%	546	9.2%
All Other	339	5.8%	412	7.0%
Finger(s), fingernail(s)	343	5.9%	312	5.3%
Ankle(s)	262	4.5%	288	4.9%
Arm(s)	239	4.1%	254	4.3%
Cranial region, including skull	279	4.8%	247	4.2%
Wrist(s)	221	3.8%	213	3.6%
Hand(s), except finger(s)	159	2.7%	163	2.8%
Neck, except internal location of diseases or disorders	203	3.5%	158	2.7%
Foot(feet), except toe(s)	142	2.4%	150	2.5%
Chest, including ribs, internal organs	130	2.2%	127	2.1%
Pelvic region	123	2.1%	124	2.1%
Multiple trunk locations	139	2.4%	104	1.8%
Total	5,847	100.0%	5,906	100.0%

NATURE OF INJURY

Compensable time-loss claims

	2016	%	2017	%
Sprains, Strains	3,715	63.5%	3,824	64.8%
Fractures, Dislocations	503	8.6%	443	7.5%
Inflamed Joint, Tendon, Muscle	302	5.2%	282	4.8%
Concussions, Intracranial Injuries	283	4.8%	280	4.7%
Cut, Laceration, Puncture	290	5.0%	276	4.7%
Contusion, Crushing, Bruise	308	5.3%	273	4.6%
Other traumatic injuries and disorders	222	3.8%	236	4.0%
All Other	103	1.8%	154	2.6%
Burns	77	1.3%	89	1.5%
Digestive system diseases and disorders	44	0.7%	49	0.8%
Total	5,847	100.0%	5,906	100.0%

INJURY EVENT

Compensable time-loss claims

	2016	%	2017	%
Bodily Reaction and Exertion	3,211	54.9%	3,276	55.5%
Falls	997	17.1%	1,008	17.1%
Contact With Objects and Equipment	1,071	18.3%	999	16.9%
Assaults, Violent Acts and Harrassment	234	4.0%	248	4.2%
Transportation Accidents	202	3.5%	187	3.1%
Exposure to Harmful Substances or Environments	125	2.1%	183	3.1%
Fires and Explosions	5	0.1%	4	0.1%
Other Events or Exposures	2	0.0%	1	0.0%
Total	5,847	100.0%	5,906	100.0%

New online services make it easier to do business with WCB Nova Scotia

WCB Integrated Service Associate Cody Smith helps colleagues understand and make the most of our online service tools.

STRATEGIC GOAL: Provide excellent and efficient service, leveraging technology to meet worker and employer expectations

Since Allison Beals hurt his back and knee at work in January, he's been in steady contact with the WCB as he focuses on recovering and returning to work. "I'm trying to get my body back and get back to work," says Allison. "But it's a long process."

Between regular physiotherapy sessions and ongoing conversations about going back to his job driving a truck and operating equipment for a document shredding company, he always has expense forms to submit or questions to ask his case worker, Lena Thompson. Before our new WCB Online service started in June 2017, workers had to phone in to get answers and fax, mail in or drop off any documents or forms.

Allison can now do all of that online. "It makes my life so easy," he says. He can log into his WCB Online account anytime and get instant access to information related to his claim. He can also submit expenses and talk to his caseworker using the secure messaging feature. "I don't have to call and tie up somebody and ask them a question about what's going on because everything is all there in front of me."

Online service is a key part of our five-year modernization plan, which involves upgrading systems, processes and services to make it easier for workers, employers and service providers to work with us.

"This is huge step forward," says Cody Smith, an Integrated Service Associate at the WCB. "Before, people had no way of efficiently communicating with us or submitting documents." Cody received advanced training and helps his colleagues adjust to using the system. He's also showing them the benefits of this new way of working. "Switching to a new system is always a challenge initially," he says. "But it's going to be a big help and make things so much more efficient for everyone."

> "Switching to a new system is always a challenge initially. But it's going to be a big help and make things so much more efficient for everyone."
>
> — Cody Smith, Integrated Service Associate, WCB Nova Scotia

OUR STORIES – Providing excellent and efficient service

> "It shortens the time we spend playing phone tag and doing paperwork so we can deliver more treatment to injured workers.
>
> — Troy Harvie, Windsor Physiotherapy

Less time on paperwork means more help for workers

Service providers like Windsor Physiotherapy appreciate how WCB Online streamlines the communication process and makes it easier to share information. At any given time, the clinic can be treating 15 to 30 workers, so there's often daily contact with WCB.

Troy Harvie, a physiotherapist at the clinic, says being able to communicate through secure messaging and submit forms online saves him time and allows him to provide better service. "It shortens the time we spend playing phone tag and doing paperwork so we can deliver more treatment to injured workers."

Employers are experiencing similar benefits. Jessica King is a human resources officer and handles all WCB claims for her employer's seven companies. For the past several years, she's used MyAccount to file documents online but had no efficient way to communicate with caseworkers. Now she can talk to them online, which makes it easier to get documents where they need to go. "I can attach a document to an online message and get the information to them more quickly, so I'm finding it's expediting the process."

Jessica also thinks better communication strengthens the relationship between members of the team involved in helping an injured worker return to work. "This is helping to remove some of the barriers in doing that, so I think that's very helpful."

As for Allison Beals, he says with the time and mental energy he saves using WCB Online, he can focus on getting better and getting back to work.

5,300 AND GROWING EVERY DAY

The number of injured workers who have signed up for WCB Online since it launched in June 2017.

Our Progress

- Introduced new fast, convenient, and secure online service channels for workers, employers and service providers
- Introduced better IT security, to keep the private information entrusted to us safe, and to prepare us for the replacement of our claims and assessment systems
- Started preparing our people, our systems, and our service approaches, for major change, while maintaining strong employee engagement survey results
- Streamlined the way employers are able to provide WCB coverage for workers who are family members living at home
- Updated rate-setting policies, and how we manage claims for noise-induced hearing loss

Our Plans

- Implement Guidewire, an industry-leading cloud-based program to power our claims and assessment systems, and support better customer service
- Improve the MyAccount online employer service portal
- Support our people and the people we serve as we transition to new ways of doing business

Putting safety on the front lines in health care

Leah Richards (left), Continuing Care Assistant, and resident Miriam Coldwell both know how important patient and worker safety is. At Mountain Lea Lodge, it's a discussion management and staff have together throughout the day, every day, in order to help ensure injuries are prevented.

STRATEGIC GOAL: Build a workplace safety culture

Anne Underhill comes to work every day eager to help the residents of the nursing home she's worked in for 21 years. "It's so much more than a paycheque," says Anne, a physiotherapy, occupational therapy and continuing care assistant at the Annapolis Royal Nursing Home. "You have to have compassion and a heart for these residents."

But Anne realizes that taking care of those residents also means taking care of herself.

Much of the work she does every day presents serious hazards. From straining muscles while lifting or moving residents to cords or objects on the floor, there are many ways injury can happen in her workplace. "Safety has to be the first thing in your thoughts every time you go to move from one point to another," she explains.

Anne teaches the safe patient handling program at the nursing home and always advises workers to put safety first. Earlier this year, she learned a tough lesson about why safety is so important in the workplace.

She was helping a fellow staff member move a broken bed into the basement. They lifted the heavy bed and carried it down themselves. Anne ended up pulling a muscle in her back. She was fortunate and her injury wasn't too serious. After one day off, she went back to work and modified her tasks until her back got better.

$63.5M

The estimated amount covered employees in the health and community services sectors will pay in WCB premiums in 2018.

1,694

The number of time-loss injuries in the health and community services sectors in 2017.

"It could have been a lot worse," says Anne. "It's easy to preach what you should do. But all of us need to exercise care in all we do."

Rising injury costs prompt collaborative response

Anne is one of many health and community services workers who have been injured on the job. In Nova Scotia, workers are more likely to be injured caring for others than in any other line of work.

These workplace injuries have high financial and human costs. In 2018, employers in the health and community services sectors will pay an estimated $63.5 million in WCB premiums. "This means too many caregivers are being injured, and we have to turn the tide," says Susan Dempsey, executive director of AWARE-NS, the safety association that's helping to build a stronger culture of safety for more than 44,000 health and community services workers.

Susan says the situation is most critical in home care and long-term care where both the number and severity of injuries is increasing. That's keeping workers off the job longer and adding to the cost of claims. Everyone agrees something needs to be done to make these workplaces safer. Work is underway now to make that happen.

Over the past two years, AWARE-NS has led a unique collaborative initiative that brought together representatives from government, health organizations, labour groups, employers and WCB Nova Scotia. Together, they developed *Charting the Course: Report and Recommendations for Workplace Safety in Nova Scotia's Home Care, Long Term Care and Disability Support Sectors*. The engagement process involved connecting with more than 1,200 people through consultations, focus groups and an online survey. Working groups involving more than 90 industry experts turned those insights into strategic advice and recommendations to improve safety.

Report a "turning point" for safety

Jenna Brookfield, National Health and Safety Representative for the Canadian Union of Public Employees (CUPE), participated in one of the working groups and calls the report process a "turning point" for workplace safety. "It's still going to require work, attention

Jenna Brookfield, Chair of AWARE-NS Board of Directors, and National Health and Safety Representative for CUPE.

Our Progress

- Completed the final year of the Workplace Safety Strategy, and worked together with our colleagues at LAE to determine a new way of working together based on the success of the strategy
- Consulted with hundreds of leaders and employees, and worked with industry and government on: *Charting the Course: Report and Recommendations for Workplace Safety in Nova Scotia's Home Care, Long Term Care and Disability Support Sectors*
- Continued the successful What Matters Most advertising campaign, expanding it to include a workplace campaign. We also created tools and social marketing materials focused on the jobs we hold outside of work, promoted the Internal Responsibility System, refreshed worksafeforlife.ca; started work on a new awareness campaign for 2018
- Continued support for the implementation of *Fishing Safety Now*, which is helping reduce the human and financial impact of injury and fatality in commercial fishing

OUR STORIES – Workplace Safety Culture

> “I hope it causes a shift to a culture in which the safety of the worker is on par with the safety of the patient, client or resident that the worker is providing services to.”
>
> — Jenna Brookfield, Health and safety representative, CUPE

and resources to capture the momentum we’ve gained so far, but everyone is moving in the right direction.”

Jenna hopes the collaborative effort leads to more accountability at all levels and a change in attitudes about the importance of keeping workers safe. “I hope it causes a shift to a culture in which the safety of the worker is on par with the safety of the patient, client or resident that the worker is providing services to.”

Susan is also optimistic about the report’s positive impact on safety. “This will raise the awareness at every level and make sure health and safety is number one,” she says. “If that happens, we’ll have fewer staff injured and more healthy and productive workplaces.”

Anne Underhill feels change is already starting to happen. Her workplace injury not only served as a personal reminder about the need to put safety first, it also led to a new policy on moving beds that will reduce the risk of others being injured in the future.

Anne feels fortunate that her workplace has made progress on worker safety. She hopes with increased awareness and everyone working together, the job of caring for others will get even safer for workers like her across the province.

Together, we can make a difference

We’re applying what we learned through the development of *Fishing Safety Now*, to help make workplaces in the nursing and home care sectors safer.

> “This will raise the awareness at every level and make sure health and safety is number one. And if that happens, we’ll have fewer staff injured and more healthy and productive workplaces.”
>
> — Susan Dempsey, Executive Director, AWARE-NS

Our Plans

- Support the implementation of *Charting the Course: Report and Recommendations for Workplace Safety in Nova Scotia’s Home Care, Long Term Care, and Disability Support Sectors*
- Develop and implement a plan of shared priorities in partnership with the safety branch of the Department of Labour and Advanced Education
- Develop a new social marketing awareness campaign in partnership with the other Atlantic provinces, and increase the use of data-driven marketing
- Continue to support injury prevention in the commercial fishing sector

WCB Nova Scotia is working with its partners to develop the Workplace Safety Action Plan for Nova Scotia’s Health and Community Services Sectors. These sectors, especially long-term care and home care, have the highest rate of workplace injury. At a symposium in June, leaders from AWARE-NS, government, labour, and employers came together in support of a safer tomorrow in these sectors. Pictured participating in a breakout session at the symposium are Lindsay Fenton, Health and Safety Specialist at Shannex Incorporated, and Zahra Take, MHA Resident at the IWK Health Centre.

New investment approach puts fund on the road to financial stability

WCB Nova Scotia's Al Bardsley, Senior Financial Reporting Accountant and Maureen Boyd, Director of Financial Services are leveraging new investment approaches to help position the WCB's investment fund for the future.

STRATEGIC GOAL: Be financially stable and sustainable

Thanks to bold and creative thinking, WCB Nova Scotia's $1.8 billion investment fund is now on a more diversified path and solid financial footing. Two years ago, the WCB Nova Scotia Board of Directors decided to outsource fund management to a private investment firm. And today, that move is paying off.

"This adds to the stability of the fund and gives us more confidence that we will be sustainable into the future," says Leo McKenna, Chief Financial Officer at WCB Nova Scotia.

Leo calls the decision to outsource a "radical departure" in the way the investment fund had been managed for more than 20 years.

Under the management of the WCB's internal financial services team, the fund experienced a long run of good performance. But back then, with $1.5 billion in assets, its size and complexity had outgrown the existing management structure. The WCB also wanted to diversify the portfolio with a larger mix of asset classes and investment managers. All of that required a new way of doing things.

The value of WCB Nova Scotia's investment fund in 2017 is $1.8 billion

"We have selected a provider and structured our portfolio so that we know we'll be well positioned to serve workers and employers in Nova Scotia into the future," says Leo. "And that's very satisfying."

— Leo McKenna, Chief Financial Officer, WCB Nova Scotia

OUR STORIES – Financial Stability

After carefully weighing its options, the Board of Directors decided the best way to achieve its goals was to hand over key aspects of fund management to an external investment firm through an Outsourced Chief Investment Officer (OCIO) model.

“The main thing was to diversify, reduce risk and make sure we were preparing for the future of the portfolio,” explains Maureen Boyd, Director of Financial Services, adding it was also important to protect capital by maintaining good returns without taking on additional risk.

Outsourced model proves to be a good investment

So far, the OCIO experience has been a good one. “We’re seeing some early benefits and have been able to position the fund for the future,” says Maureen.

The fund continues to grow with returns that are slightly higher than before and with less risk. The fund is also far more diversified. Wider exposure has increased asset classes from six to nine and the number of investment managers has increased from eight to 32. All of this makes the portfolio more sustainable for the long term. As well, since the OCIO service provider, Mercer Global Investments Canada Limited, handles all the day-to-day management tasks, WCB’s finance team and Investment Committee is free to focus on more strategic investment decisions.

“We have selected a provider and structured our portfolio so that we know we’ll be well positioned to serve workers and employers in Nova Scotia into the future,” says Leo. “And that’s very satisfying.”

The experience has also been positive for the OCIO service provider. Yvan Breton is a partner at Mercer and works closely with the WCB Nova Scotia team. Yvan says it’s been gratifying to see his company’s ideas helping the WCB fund take advantage of more sophisticated strategies. “We are very happy that we can help WCB implement the best ideas in terms of investment strategies for their pool of assets,” he says. “It’s been a great relationship on both sides.”

WCB Nova Scotia’s OCIO success story has caught the attention of other WCBs across the country.

“The Investment Committee is proud to have played a leadership role in moving forward with this new approach to managing our investment portfolio,” says Chris Power, Committee Chair. “Together, we have been able to position the WCB fund for long term success and sustainability in a volatile market environment. As an investment committee we can focus on strategic goals of portfolio diversification, governance, and performance monitoring in a global investment environment.”

Day to day, as leader of the Finance team, Maureen Boyd has received numerous calls asking for advice and last fall she was invited to share this experience at a major investment conference. All this tells her WCB Nova Scotia is on the right path.

Our Progress

- Achieved investment returns above benchmark, helping us move toward the elimination of the unfunded liability
- Carefully monitored and managed our investment in modernization, including oversight by a dedicated Board of Directors committee

Our Plans

- Continued responsible financial stewardship through our proven investment model
- Initiate discussions with stakeholders on what it will mean to be fully funded, as the funded ratio continues to improve
- Ensure we start to realize the benefits and savings of our modernization

Total Investment Income For Nova Scotia, 2012 - 2017 (in millions)

> “We’re proud to see all the work we put in paying off. We’re seeing some early benefits and have been able to position the fund for the future.”
>
> — Maureen Boyd, Director of Financial Services, WCB Nova Scotia

Safe and timely return to work takes teamwork

Today Cody Ross helps VistaCare Communications and its employees keep safety at the forefront of everything they do.

STRATEGIC GOAL: Improve outcomes for safe and timely return to work

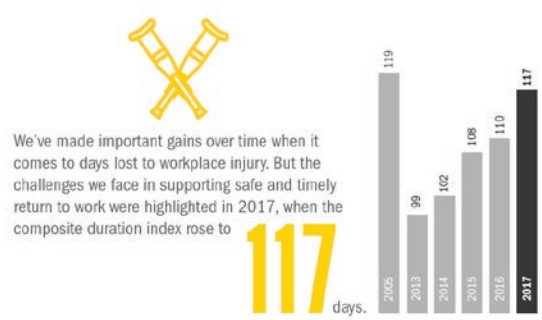
It only took a few seconds for a workplace injury to turn Cody Ross's life upside down and put him on a long and painful path to recovery.

In July 2013, Cody was working as a heavy equipment operator on a drilling and blasting project when a heavy piece of steel came crashing down on his hand. "It was terrifying not knowing if I lost my hand or fingers or how serious the damage was," says Cody, who was 26 at the time, and just four months into his new job.

It would be another four years before he was ready and able to work again.

The injury crushed his fingers and severed the thumb on his left hand - and Cody is left handed. He ended up losing his thumb. Over the next three years he had 14 surgeries, including a unique transplant surgery that had been done just a few times before in Nova Scotia, all performed by Dr. Justin Paletz, who played a key role in Cody's eventual recovery. The transplant involved removing one of his second toes and reattaching it to his injured hand to replace the missing thumb. The surgery went well and after a year of rehabilitation, his hand function improved.

But the trauma and the emotional ups and downs of recovery eventually took a toll on him and he needed therapy to help him cope. As Cody's WCB Nova Scotia case worker, Denise Manuel was there through it all. Denise connected him with a psychologist for treatment for post-traumatic stress disorder and an occupational therapist who specialized in hand rehabilitation.



"He had a very traumatic injury and could have gone down a very negative road. But he put in the time and did everything he could do to rehab that hand and receive treatment for the post-traumatic stress."

— Denise Manuel, Case Manager, WCB Nova Scotia

OUR STORIES – Safe and Timely Return to Work

These professionals played a key role in Cody's recovery too. But Denise says the secret to his success was his attitude. "Cody was optimistic about his recovery right from the beginning," she recalls. "He had a very traumatic injury and could have gone down a very negative road. But he put in the time and did everything he could do to rehab that hand and receive treatment for the post-traumatic stress."

As a case manager, Denise's role is to help injured workers get mentally, physically and emotionally fit to return to work safely. In Cody's case, that took more than therapy and rehab, and it also took retraining.

Unable to return to his former job, he decided on a career in injury prevention. Denise helped him with that, too. She built a case for Cody and got approval through WCB's Vocational Rehabilitation program to have his studies paid for. He graduated from the one-year Occupational Health and Safety program at the Nova Scotia Community College last year and started his new job as a health and safety coordinator at digital solutions company, VistaCare Communications, in December.

"I think he's made exceptional strides and has arrived at a great place that has prepared him for whatever life throws at him," says Denise, who wasn't the only person to go the extra mile for Cody.

Cody's occupational therapist Karen Landry was another dedicated member of his support team. For three years, Karen worked with him after each surgery to help him get the most function possible from his hand. But from the outset, she made it clear the extent of his recovery was up to him. "He worked so hard and had such great patience and perseverance that it worked well for him," she says.

Karen has worked with many injured workers over the years and has learned that a successful return to work requires three things: A dedicated team, open communication and a worker who is an "active participant" in his own recovery.

As Cody looks back on how far he's come, he's grateful to his family and everyone else who helped him get back on his feet.

Now, he's focused on the future and his new career helping other workers stay safe. "I've been through it. I'm a walking example of what can happen," he says. "I want to try to prevent these things from happening to anyone else."

"I'm a walking example of what can happen. I want to try to prevent these things from happening to anyone else."

— Cody Ross

Our Progress

- Implemented a concussion management pilot program, leading to better care for workers who suffer head injuries and supporting them as they recover
- Continued to build the Working to Well program, including tools and resources to support safe and timely return to work
- Developed strategies to better manage complex claims that require support beyond recovery from physical injury
- Developed new prevention and return to work resources to support the work of WCB's service delivery teams

Our Plans

- Leverage improved technology to better support workers as they recover and return to work
- Expand the 'Working to Well' return-to-work support program
- Improve customer service approaches and overall customer experience
- Carefully and on a case-by-case basis, consider how medical Cannabis may be part of a treatment plan for certain workplace injuries.

Strong air sector partnerships help make safety soar

Jack Normand, Air Canada baggage handler, uses the Vacu-Lift to safely move bags from the carousel to the loading carts. The Vacu-Lift can help employees like Jack safely handle hard and soft-sided luggage weighing up to 150 pounds.

STRATEGIC GOAL: Expand strategic relationships to enhance the commitment to workplace health and safety and return to work across the province

Jennifer Clarke likes to fix things. And as a WCB Nova Scotia Relationship Manager, she gets a lot of opportunities to do that. "It makes you feel good to have a sense of accomplishment that you were able to help fix something for somebody and make it okay," says Jennifer.

Her employer portfolio, Wholesale, Utility, Resource and Infrastructure, includes more than 200 companies in 14 industry sectors. Her job is to build and nurture relationships that ultimately lead to safer working conditions for their employees. "My role is about influencing change and creating a sense of urgency for organizations to help them better understand that the status quo isn't good enough and people getting hurt on the job is not acceptable," she explains.

Two relationships she's especially proud of involve two companies in the air industry. Both have been struggling with high injury rates and premium surcharges for years. She's helping them reduce their costs and make their workplaces safer.

"My role is about influencing change and creating a sense of urgency for organizations to help them better understand that the status quo isn't good enough and people getting hurt on the job is not acceptable."

— Jennifer Clarke, Relationship Manager, WCB Nova Scotia

OUR STORIES – Expand Strategic Relationships

Team effort targets workplace safety at Swissport

Two years ago, Jennifer started working with one of her federally regulated clients, Swissport, on WCB Nova Scotia's first-ever Federal Joint Workplace Initiative. It was a targeted year-long effort that involved Jennifer, WCB Nova Scotia Workplace Consultant Tanya Newell and representatives from Labour Canada and Swissport. Together, they helped the company improve its safety practices and strengthen its safety culture.

Swissport is an international company that provides ground handling services at the Halifax Stanfield International Airport. At the time, the company was facing high WCB premiums and surcharges due to a fatality and an increasing number of workplace injuries at its Halifax operations. The joint workplace initiative looked at enhancing safety in several areas.

"We identified opportunities that would improve worker safety, eliminate and better control workplace hazards, improve safety awareness and procedures, and make an impact on reducing injuries and workers' time off work while recovering," says Mike Higgins, Quality Health Safety and Environment Supervisor with Swissport in Halifax.

The collaborative effort paid off. Thanks to ongoing safety improvements in recent years, the company's time-loss injuries and total WCB claims have decreased by more than 30 per cent since 2016. And there's been a dramatic decline in claims costs – total claims costs are down 74 per cent and the cost of time-loss claims is 81 per cent lower.

The company has also introduced a new national return-to-work program and is leveraging the Internal Responsibility System to build awareness and understanding. As well, the company's general manager, Todd Hubley, recently signed the Nova Scotia Health and Safety Leadership Charter, joining more than 100 other employers in publicly expressing his company's commitment to workplace safety.

"The joint workplace initiative has fostered a trusted partnership where we solve problems together," says Mike. "It has also heightened the importance of working safely each and every day."

1579 WORKSHOP PARTICIPANTS

We provided workshops during the year that were attended by 1579 workers and employers

Our Progress

- Continued to work with government on red tape reduction and together with other jurisdictions, began efforts to streamline how businesses identify themselves to WCBs across Atlantic Canada
- Supported the residential construction sector as it worked to improve safety culture
- Worked with federal and provincial partners to deliver Joint Workplace Initiatives, sharing data and approaches to improve prevention outreach results

Our Plans

- Consult stakeholders in the development of regulations supporting PTSD legislation that will take effect in the fall of 2018
- Continue to work with and support those who share our goals for a safer working Nova Scotia
- Continue to reduce red tape and build interjurisdictional efficiencies wherever possible

OUR STORIES – Expand Strategic Relationships

Collaboration leads to safety innovations at Air Canada

Back in 2013, after years of dealing with high premium surcharges and injury rates at its operations in Halifax, Air Canada decided to participate in a WCB Nova Scotia program that allowed employers to reinvest their surcharge costs into safety improvements. That started a fruitful and collaborative partnership between Jennifer and Air Canada's Luke Hendrie that has made work safer for airline employees.

The company also brought in a new return-to-work program, which has been so successful that Air Canada is now using it across the country. "The entire Air Canada operation is benefitting from the work that's been done here with us," says Jennifer.

"We've been able to forge a trust-filled relationship," says Luke, Manager of Project Management for Corporate Safety. "It's given us a holistic view of what's going on out there and it's opened our eyes to where specifically we need to focus."

Jennifer worked closely with Luke and his team and held focus groups with front-line workers about ways to reduce workplace hazards. As a result, the company has made significant improvements in workplace safety. It introduced innovative equipment to reduce injuries from manual baggage handling and improved communications systems to make it easier to share information about safety hazards and incidents.

She attributes the positive results at both Air Canada and Swissport to the dedication of people who share a passion for safety and a desire to work together to make meaningful change happen. She says improving workplace safety is never easy, but it's always rewarding because it results in "fewer people getting hurt and more people going home safely to their families."

"We identified opportunities that would improve worker safety, eliminate and better control workplace hazards, improve safety awareness and procedures, and make an impact on reducing injuries and workers' time off work while recovering."

— Mike Higgins, QHSE Supervisor, Swissport

"We've been able to forge a trust-filled relationship. It's given us a holistic view of what's going on out there and it's opened our eyes to where specifically we need to focus."

— Luke Hendrie, Manager of Project Management for Corporate Safety, Air Canada

Our People at Work

Cindy Shupe

Workplace Consultant Cindy Shupe is helping Luke Freeman and Freeman and Son Sawmill build a stronger safety culture

As part of a Joint Workplace Initiative, WCB Nova Scotia workplace consultant Cindy Shupe and the Department of Labour and Advanced Education's Paul Sampson worked with Harry Freeman and Son Limited to address their safety challenges and identify opportunities for prevention. As a result, the company hired a health and safety coordinator, Luke Freeman, to oversee its safety strategy, including the implementation of a return-to-work program. Luke says that in the last two years, there has been a fundamental culture shift among employees, many of whom have been there for decades. "The way we think and talk about safety around here has changed," he says. Harry Freeman and Son considerably reduced claims costs in 2017, and most importantly, each of their 150 workers returned home safely to their families every day.

Margaret MacKenzie

Margaret MacKenzie has played a key role in helping employees across the organization connect with our modernization

When Margaret MacKenzie started as a case worker at WCB Nova Scotia in 1992, most of her job was done on paper. Now, several decades and several major changes to the organization later, Margaret is lending her experience to the modernization team as a subject matter expert, to assist in the implementation of the WCB's most significant system upgrade ever. She is one of three case workers assigned to the project, who were brought on to ensure the new system would be as customized and easy to use as possible. "We bring the real-life, on-the-floor experience," she says. Margaret wanted to ensure the voice of her colleagues was being heard, and that the new system could allow them to serve workers and employers to the very best of their abilities. "We've been hearing from workers, employers and service providers for a long time now that they want us to modernize, so that's exactly what we're doing," says Margaret. "It's going make our lives a little less complicated, and ultimately, help us help the people we serve."

WCB Safety Certified Audit

The WCB's Halifax (below) and Sydney JOHSC Committees help keep employees safe by taking action to reduce the risk of injury

At the WCB, the work we do reminds us that safety should be everyone's number one priority in a workplace. As safety champions, we believe it's essential to turn the lens on our own operations. Every two years, we go through the rigorous WCB Safety Certified Audit by Safety Services Nova Scotia, and carefully examine every element of our business to ensure we're doing all we can to keep our own employees safe. In 2017, we received an overall audit score of 99 per cent. "We champion safety in our province, but we also live and breathe it here at WCB and our audit results reflect that," says Paula Miller, Manager, Training and Organizational Effectiveness.

Our People in the Community

Shelley Rowan

Each year, the City of Halifax recognizes the extraordinary contributions of individuals and groups who volunteer their time and skills to make a difference in our communities. Shelley Rowan, VP Prevention and Service Delivery, was recognized in April 2017 for her 10 years of leadership at Threads of Life. Kate Kennington, manager of family support for the organization, nominated Shelley for her role and guidance, especially when Threads of Life was in a pivotal point of development. “For more than 10 years, she was there when a listening ear was required,” says Kennington. “Shelley also has an understanding of the needs of family members and would not stray away from an opportunity to listen to a difficult family story.” Though she no longer sits on the board of directors, Shelley remains dedicated to Threads of Life and their vision to lead and inspire a culture shift as a result of which work-related injuries, illnesses and deaths are morally, socially and economically unacceptable. Shelley’s award was also bestowed for her work on the board of governors at Mount Saint Vincent University and the council of governors for the Canadian Centre for Occupational Health and Safety.

Shelley Rowan, Vice President of Prevention and Service Delivery is pictured above receiving her award, with HRM Councillor Tim Outhit (left), and Mayor Mike Savage

Tracey Leary

Each year, the Canadian National Institute for the Blind (CNIB) recognizes an organization that shares its dedication to providing education about vision health for Canadians. In October 2017, Education and Research Consultant Tracey Leary accepted the CNIB’s Outstanding Community Partner award on behalf of WCB Nova Scotia for supporting CNIB’s workshops on eye safety and injury prevention. Thanks to the partnership between the WCB, the Department of Labour and Advanced Education and NSCC, more than 900 students across 15 campuses are now better informed about eye protection, injury prevention and their safety rights as workers. “We were so pleased to be involved in a partnership that grew out of the Workplace Safety Strategy,” says Leary. “It continues to be essential that we reach young people at the developmental phases of their careers so they can carry the message about safety with them for life.”

Education and Research Consultant Tracey Leary leads the WCB’s work with partners maintaining support to safety curriculum in Nova Scotia’s high schools and career colleges

The Angel Tree

WCB Nova Scotia employees have big hearts. During the holiday season, our teams shine especially bright. This year, more than 180 bags of gifts were delivered to families in need through the Salvation Army’s Angel Tree program, which matches families who could use a little extra help around the holidays, with generous donors hoping to light up a few faces on Christmas morning. In 2017, more than 2,000 children received gifts through the program. Nora Smith, who has acted as a liaison for the WCB and the Salvation Army for 20 years, says the program really brings out the kindness of WCB staff. In addition to donating to the Angel Tree program, this year, teams also put together gift baskets for a raffle, which raised more than $3,000 for Feed Nova Scotia.

WCB Nova Scotia employees and their families deliver gifts for the Angel Tree Program

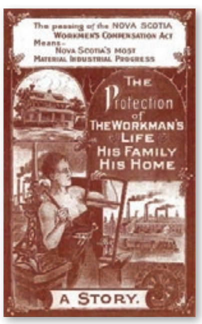
WORK SAFE. FOR LIFE.
WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

1913

The Meredith Principles are established by Ontario lawyer, politician and judge Sir William Meredith, laying the foundation for the system of Workers' Compensation in Canada. Today, Workers' Compensation in Canada ensures no-fault benefits for workers, and it protects employers from lawsuit. At the core of the Meredith Principles is a simple idea: compromise.

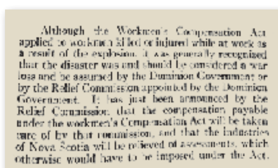
1915

The Nova Scotia Workmen's Compensation Act is proclaimed, providing the legal framework for the administration of the WCB's return to work, assessment and compensation programs in the province.



1917

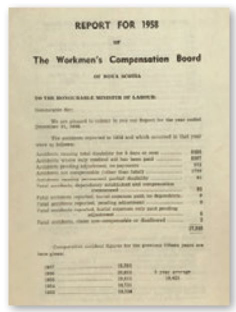
On January 1, 1917, two years after the province's first Workmen's Compensation Act was proclaimed, the Workmen's Compensation Board of Nova Scotia opened for business.


Although the Workmen's Compensation Act applied to workmen killed or injured while at work as a result of the explosion, it was generally recognised that the disaster was and should be considered a war loss and be assumed by the Dominion Government or by the Relief Commission appointed by the Dominion Government. It has just been announced by the Relief Commission that the compensation payable under the workmen's Compensation Act will be taken care of by that commission, and that the industries of Nova Scotia will be relieved of assessments, which otherwise would have to be imposed under the Act.

The Halifax Explosion rocks Nova Scotia's largest city and 2,000 are estimated dead. Many of those who died or were injured were at work, but ultimately the disaster was determined to be war-related, and all costs, including workers' compensation benefits, were paid by the National Relief Commission.

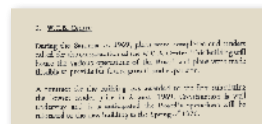
1958

The WCB's Annual Report for this year indicates 92 workplace fatalities, a dramatic increase from the 41 reported the year before. The spike accounts for the tragic Springhill Mining Disaster, which claimed the lives of 74 men working underground when a 'bump' or small underground earthquake, shook the mine. The next year, 32 fatalities were reported.


REPORT FOR 1958
OF
The Workmen's Compensation Board
OF NOVA SCOTIA

1970

Our office at **5668 South St** officially opens its doors.



1979

Workmen's Compensation Board is renamed "Workers' Compensation Board," acknowledging the growing number of women in the workforce.

1990

The **Hayden Decision** of the Nova Scotia Court of Appeal, ultimately resulted in the wage-loss benefits system of workers' compensation.

1992

The Westray Mine disaster claims the lives of 26 men in Plymouth, Nova Scotia, forever changing the conversation about workplace safety in Nova Scotia.


The staff of the Workers' Compensation Board join with all Nova Scotians in expressing our sympathies to the family and friends of the victims of the Westray disaster.

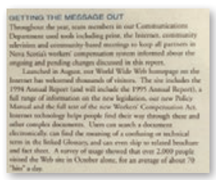
We have a strong commitment to the prompt and compassionate delivery of the broad range of fatality benefits provided for through the Workers' Compensation Act.

Within 48 hours of the Westray disaster the WCB set up a temporary office in Plymouth to provide information and assistance to the families as they needed it.

Board representatives Linda Howard, Client Services Officer, and Gerard Benoit, Vocational Rehabilitation Counsellor, were among the WCB representatives in Plymouth providing information and services.

1995

The WCB launches its "**World Wide Web homepage on the Internet**," boasting 2,000 visitors in the first month. These days we see more like 20,000 users per month.


GETTING THE MESSAGE OUT

Throughout the year, team members in our Communications Department used tools including print, the Internet, community television and community-based meetings to keep all partners in Nova Scotia's workers' compensation system informed about the ongoing and pending changes discussed in this report.

Launched in August, our World Wide Web homepage on the Internet has welcomed thousands of visitors. The site includes the 1994 Annual Report (and will include the 1995 Annual Report), a full range of information on the new legislation, our new Policy Manual and the full text of the new Workers' Compensation Act. Internet technology helps people find their way through these and other complex documents. Users can search a document electronically, can find the meaning of a confusing or technical term in the linked Glossary, and can even skip to related brochure and fact sheet. A survey of usage showed that over 2,000 people visited the Web site in October alone, for an average of about 70 "hits" a day.

1996

A new **Workers' Compensation Act** is proclaimed, instituting wage-loss benefits and other important changes.

2002

The **Dorsey Report** caps a significant and detailed review of the Workers' Compensation system, and sets forth recommendations for improvement.

2003

WCB Nova Scotia assumes the **mandate for injury prevention** in the province, and begins work to ensure more Nova Scotians go home safe every day.

2004

Bill C-45, also known as the "The Westray Bill," amends the Criminal Code, establishing new legal duties for workplace health and safety, and imposing serious penalties for violations that result in injuries or death. The section added to the Criminal Code reads: "Everyone who undertakes, or has the authority, to direct how another person does work or performs a task is under a legal duty to take reasonable steps to prevent bodily harm to that person, or any other person, arising from that work or task."

New **Chronic Pain Regulations** provide benefits for workers who suffer from chronic pain, when a workplace injury is determined as the cause.

2013

Five young men aboard the **Miss Ally** are lost while fishing off the south shore of Nova Scotia. With a long history of fishing fatalities in the province, WCB Nova Scotia and our partners set off on a mission to change the safety culture in the industry, leading to the development of the *Fishing Safety Now* action Plan.

2015

WCB Nova Scotia begins planning and groundwork for the most significant **business modernization** in its history.

2016-2020

WCB charts a new vision for continued progress in reducing the impact of workplace injury, toward financial stability. The plan also calls for much-needed modernization to the way WCB serves workers and employers

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 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 Finance, Audit and Risk 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.

Grant Thornton LLP, the external auditors of the WCB, has 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, CPA, CA
Chief Financial Officer

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.

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 related to the covered work force in Nova Scotia, the 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.

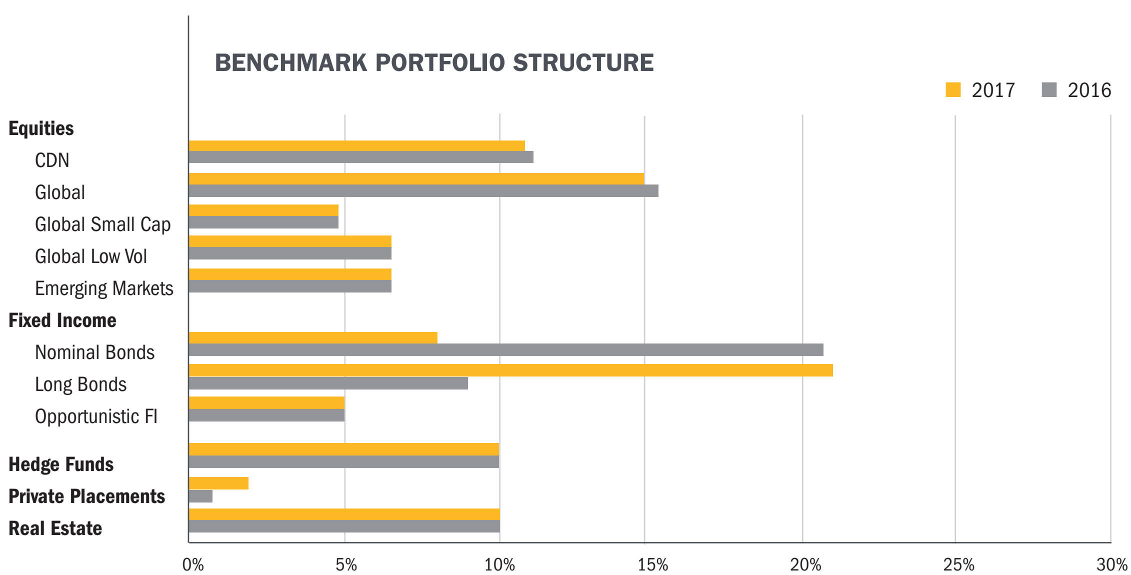
STATEMENT OF Financial Position

The WCB's financial position was strengthened in 2017. This was primarily the result of favorable investment returns and actuarial adjustments materializing from continued successes. Like the prior year, most corporate performance measures were met, with challenges on some key operational performance measures.

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 WCB has a fund managers' arrangement with Mercer Global Investments Canada Limited (MGI). In 2017, the planned changes to the portfolio, as set in a multi-year plan in 2016, continued. The currency overlay arrangement was switched to a hedging arrangement with Mercer Global Investments. The hedging ratio was reduced from 30 per cent to 15 per cent as planned, as the Canadian dollar surpassed the threshold price of $0.80 USD at the end of July 2017.



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. As compared to 2017, target allocations have changed as detailed in the graph.

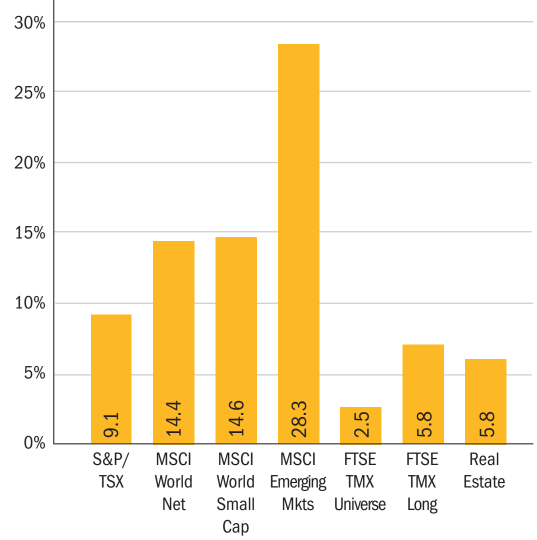
These changes occurred throughout 2017, including the opportunity to continue to diversify the fixed income portion of the portfolio by investing in Long Bonds and Opportunistic Fixed Income classes. Further diversification was achieved with the reduction of equities to invest in alternative investment classes including hedge funds, private equity and infrastructure. Moving to these alternative investment classes is intended to provide attractive risk-adjusted returns while reducing risk through further diversification of the investment portfolio and decreasing the WCB's exposure to equities. The funding of the commitment to invest in private equity and infrastructure mandates through limited partnerships totaling $57.5 million USD for each fund will continue until the funding commitments have been reached, currently planned by early 2020. In addition, over time, the remaining allocation in nominal bonds will be transitioned to long bonds.

In 2017 the real estate portfolio was further diversified with the commitment to a second real estate fund manager which will be funded gradually until the new manager has 50 per cent of the real estate mandate.

The WCB uses an active investment strategy where the investment manager is charged with exceeding the market index returns for all asset classes. The WCB continues to use a passive currency hedging overlay strategy with a hedge ratio of 15 per cent of the total foreign currency exposure (2016 – 30 per cent). A glide path to reduce the hedging strategy is in place reducing the portion hedged gradually, and currency hedging will end completely once the Canadian dollar reaches $0.85 USD.

2017 FINANCIAL MARKET RETURNS

(in Canadian dollars)



Capital Markets Review

Overall, major financial markets posted strong positive returns for the year with stocks, bonds and the economy exceeding expectations. The Canadian economy delivered strong growth, with solid employment gains and house price appreciation fueling consumer spending in Canada. This prompted the Bank of Canada to raise interest rates twice during the year. Canadian equities with a respectable return were one of the weaker performing markets in 2017 as noted in the graph. Canadian equities gained momentum in the last four months of the year responding to the 'reflation' trade and higher oil prices. The Canadian dollar strengthened against the US dollar and Yen for the year but weakened against the Euro and British Pound. Real estate provided positive returns for the year.

Globally, strong returns reflected some enthusiasm and uncertainty of the Trump administration surrounding trade, immigration policies, health care reform, a war of words with North Korea and tax reform having impact. Outside of North America, strong returns resulted from economic growth, and continued monetary policy easing supported Europe and Japan stock markets. Emerging markets posted the greatest returns benefitting from exposure to global growth and trade.

The Fund objective is to exceed the performance of the benchmark portfolio over a five-year moving average period (before investment management fees). The five-year fund return of 9.6 per cent was a strong return in absolute terms and exceeded the 9.3 per cent benchmark return by 0.3 per cent. The absolute return was above the long-term rate of 6.0 per cent that is assumed in the funding strategy. Fund manager objectives are established by individual mandates with each fund manager. Performance is reviewed at the fund and manager level by the Investment Committee, a sub-committee of the Board of Directors.

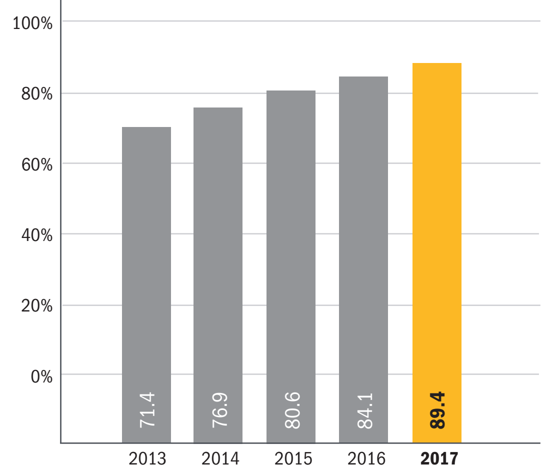
As the investments are held to meet payment obligations that extend many years into the future, the valuation of investments at a point in time provides a view of the financial position of the WCB at only that point in time. Note 7 of the financial statements describes the potential for volatility of the portfolio.

BENEFITS LIABILITIES

The WCB's benefits liabilities represent the actuarial present value at December 31st, 2017 of all expected benefit payments that will be made in future years, which relate to claims arising from events that occurred on or before that date, including a provision for latent occupational diseases. 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, 2017.

FUNDED PERCENTAGE

For Nova Scotia, 2013 - 2017



The benefits liabilities increased by $59.3 million or 3.1 per cent. This is the change in the present value of benefits payable in future years, calculated through the annual actuarial valuation process. The valuation takes into account claims costs incurred, claims payments made, growth in the present value of benefits liabilities and actuarial experience adjustments, including an adjustment for the change in liability for latent occupational disease.

UNFUNDED LIABILITY

The WCB's liabilities total $2.04 billion and assets total $1.83 billion, with an unfunded liability of $217.3 million at the end of 2017. The WCB's funded percentage increased from 84.1 per cent in 2016 to 89.4 per cent.

STATEMENT OF Comprehensive Income

In 2017, total revenues of $492.4 million ($329.2 million in assessment revenues plus $163.2 million investment income) less total expenditures of $390.7 million and the re-measurement of post-employment benefit liabilities of $1.4 million yielded total comprehensive income of $100.3 million.

The operating results for 2017 and 2016 may be attributed to the following factors:

($000's)	2017	2016
Assessment revenue in excess of current year costs	$ 39,044	$ 38,565
Investment income above (below) liability requirements	53,988	(7,521)
Actuarial liabilities and adjustments less than previously anticipated	8,692	34,064
Other comprehensive income from actuarial losses on post-employment benefits	(1,400)	(867)
Total comprehensive income	$ 100,324	$ 64,241

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 payments made on their behalf plus an administration fee. Total assessment revenue increased $10.2 million (3.2 per cent) from 2016.

Revenues from insured firms increased $8.9 million (3.2 per cent) from 2016 revenue. This increase is primarily attributed to an increase in assessable payroll of 3.6 per cent. Increases to the payroll base reflect the net impact of an increase in the maximum assessable earnings for individuals, an inflationary increase in wages, and an increase in the insured workforce (self-insured workforce decreased). The actual average assessment rate per $100 of assessable payroll, net of surcharge refunds and practice incentive rebates, was $2.66 and is an increase from 2016's average rate of $2.65. The fact that the actual rate exceeds 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 slightly different than anticipated.

Self-insured employers experienced slightly more claims payments in 2017 primarily related to long term awards with the balance spread across payment categories with a slight increase in administration. The 2017 self-insured administration fees have increased slightly from the prior year and are calculated based on 2016 claims payments and administration costs.

INVESTMENT INCOME

Investment income is derived from the investment portfolio managed by external investment managers. Total investment income was $163.2 million for 2017, an increase of $63.2 million (63.1 per cent) from 2016. In 2017, the annual investment return on the externally managed portfolio was 10.3 per cent compared to 6.7 per cent in 2016. The WCB recognizes changes in market value of investments in the year of occurrence. Note 6 to the financial statements provides investment income details.

CLAIMS COSTS INCURRED

Claims costs incurred are an estimate of the costs related to injuries which occurred in 2017. These estimates take into account both unreported claims and claims that are reported but as yet unpaid. The liabilities include a provision for the future cost of administering claims that occurred on or before December 31st, 2017. The incremental change for occupational disease liabilities is accrued each year. The liability does not include an allowance for any changes to present policies and practices or for the extension of new coverage types.

Claims costs incurred increased by $7.3 million (3.4 per cent) from 2016. Several factors influenced this aggregate result as discussed below.

Claims costs incurred for short-term disability increased 4.6 per cent in 2017 due to inflation and an increase in the average time injured workers were off the job. A one per cent increase in claims volume along with an increase in claim durations resulted in a slight increase in short term disability costs.

The 4.1 per cent increase in long-term disability is the net result of changes to economic assumptions, an increase of 104 permanent impairment awards expected from each injury year, and a one year increase in the assumed average age at injury.

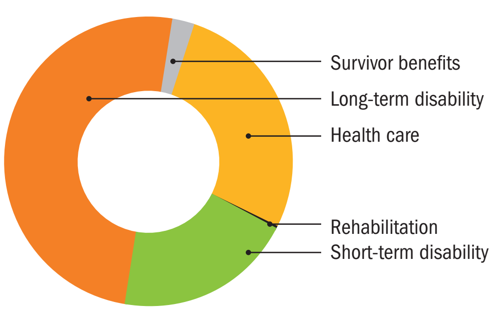
Health care costs increased 2.4 per cent in 2017. This increase is less than expected based on observed growth in health care costs and investments made in this area. These investments are expected to translate to lower payments later in the life of the claim. While we have experienced an increase in the estimated cost of claims that occurred in 2017, we continue to experience gains on older claims as payments appear to be reducing on older injuries.

Survivor costs have decreased 7.0 per cent ($0.4 million) in 2017. Claim volumes and costs in this area fluctuate year to year, and are not necessarily 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. In 2017, rehabilitation costs decreased from 2016 by 6.7 per cent ($0.1 million). Fluctuations occur year to year in rehabilitation costs as significant costs incurred on a small number of claims have a notable impact.

TOTAL CLAIMS COSTS INCURRED

(in thousands)



	2017		2016	
Survivor benefits	4,959	2.3%	5,332	2.5%
Long-term disability	110,113	50.1%	105,702	49.7%
Health care	60,373	27.5%	58,955	27.7%
Rehabilitation	704	0.3%	754	0.4%
Short-term disability	43,663	19.9%	41,748	19.7%

GROWTH IN PRESENT VALUE OF LIABILITIES, CHANGE IN ASSUMPTIONS AND ACTUARIAL EXPERIENCE ADJUSTMENTS

The benefits liability is calculated by an independent external actuary based on historical claims payment data coupled with assumptions about future experience. The growth in the 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 2017, this amount was $109.2 million or 5.7 per cent calculated as a percentage of the opening benefits liabilities. This amount varies slightly by benefit category as the expected inflation component varies. Based on the long-term assumptions for inflation and investment returns, we expect growth to occur at approximately 5.25 per cent (2016 - 6.0 per cent) annually.

In 2017, the valuation incorporates actuarial assumption changes to the real rate of return, long-term inflation, number of outstanding Permanent Impairment Benefits (PIB) and future age at injury for outstanding PIB and Extended Earnings Replacement Benefits awards.

For purposes of calculating the benefits liability, the assumed Consumer Price Index (CPI) rate was decreased to 2.0 per cent (2016 - 2.5 per cent). CPI at 2.0 per cent combined with the real rate of return on assets assumption of 3.25 per cent (2016 – 3.50 per cent) results in a gross rate of return assumption of 5.25 per cent (2016 - 6.0 per cent). A market scan conducted in 2017 concluded that these economic assumptions were higher than other jurisdictions. The changes made in 2017 align us with the national average for these two key assumptions.

In 2017, there were favourable actuarial experience adjustments of $61.9 million. These adjustments represent the difference between what was predicted based on the actuarial assumptions, and methods used in the prior year's valuation, and what actually occurred in the year.

In 2017, the volume of new EERBs and survivor awards on insured claims were as expected in the actuarial assumptions. However, the average monthly award was lower. This and other factors such as mortality experience, future claims administration costs, and other non-specified actuarial adjustments, combined to produce favorable adjustments. We expect this experience to continue in the next few years and to result in continued favourable experience in long-term disability. The timing and magnitude of the savings is difficult to predict until a series of representative data emerges over the next few years.

Despite the increase in 2017, there have been fewer EERBs in recent years, with 417 awarded in 2017, compared to an annual average of 558 awarded from 2005 to 2010. Early indicators suggest there will be fewer long term earnings loss awards going forward.

The number of Permanent Impairment Benefits awarded in 2017 is 2.4 per cent higher than in 2016, increasing from 1,437 to 1,471. PIB awards continue to be lower than in prior years when they peaked at over 1,700 in 2008. However, the number of new awards in 2017 was higher than expected. This experience led us to update the assumptions on award volumes used in the valuation, from 1,224 to 1,338.

ADMINISTRATIVE COSTS

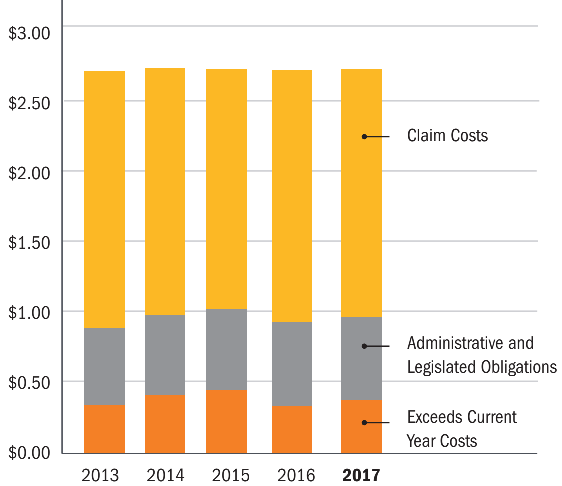
Administrative expenditures in 2017 totaled $53.8 million, an increase of $2.3 million or 4.4 per cent from 2016. This is primarily due to increases in costs related to the modernization of our organization. We anticipate costs will continue to increase in the next few years as we make important changes to become more efficient, better positioning the WCB for the future.

LEGISLATED OBLIGATIONS

The WCB reimburses the Province of Nova Scotia for the operating costs of the Occupational Health and Safety Division of the Department of Labour and Advanced Education, the Workers' Advisers Program, and the Workers' Compensation Appeals Tribunal. The WCB and the Province of Nova Scotia have different fiscal years. The WCB's year-end is December 31, and the Province's year-end is March 31. The WCB's expenses for legislated obligations are estimates based on the forecasts of expenditures supplied by the Province of Nova Scotia. The legislated obligations expenses reported by the WCB and the amounts reported by the Province can vary significantly.

BREAKDOWN OF AVERAGE RATE

for Nova Scotia, 2013 – 2017



STATEMENT OF Cash Flows

Cash increased in 2017 as cash utilized for benefit payments and operations was slightly more than the cash generated through assessments premiums.

Funding Strategy

The funding of the WCB involves the funding of current year injuries and ensuring that sufficient assets are available to fund benefits awarded in the past. In Nova Scotia, the invested assets are not currently sufficient to fund these past injuries and this shortfall is the unfunded liability. The funding strategy maps out our approach to eliminate the unfunded liability between 2020 and 2024. The WCB's funding strategy encompasses assumptions about revenue from the covered workforce payroll base, operational results and investment returns.

The strategy relies on growth in the payroll base in order to collect sufficient funds to eliminate the unfunded liability. Each year premiums are collected from employers based on a targeted average rate of $2.65 per $100 of assessable payroll. In 2017, the portion of the $2.66 actual average rate required to fund the estimated cost of injuries that occurred in the year is $1.71 with administration and legislated obligations costs requiring an additional $0.58. The remaining $0.37 is available to be applied to reduce the unfunded liability, and any shortfall of investment income to liability growth. The composition of the average rate since 2013 is shown in the graph on the left.

Another key assumption in the funding strategy is a substantial reduction in the cost of workplace injuries through prevention and return-to-work programs and through a five-year program of transformational change in the way we deliver service. The goal is to reduce the combined cost of current year injuries, administrative and legislated obligations from the current $2.30 to $2.12 in 2022; and to eliminate the unfunded liability. In 2017, the reduction targets for both time-loss claims, and the amount of time people were off work due to injury, were not achieved. Increasing claims duration adds costs to the system. Reductions require employers, workers, and health care providers to work together in fostering safe and timely return to work.

Another key component of the funding strategy is the return on invested assets. Returns have been positive in recent years, with an annualized 10-year return as of December 2017 of 6.2 per cent, exceeding the long-term investment assumption of 6.0 per cent before fees.

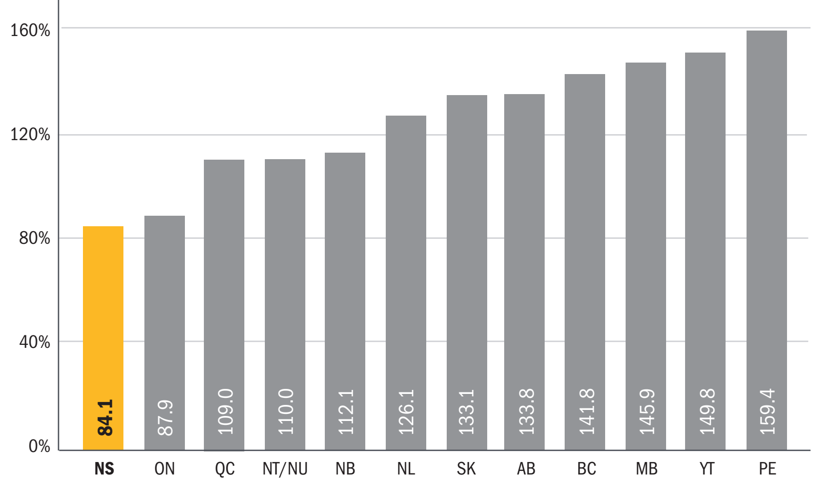
The WCB's annual update of the funding strategy in December 2017 revised our estimate of when the unfunded liability would be eliminated to between 2020 and 2024. The funding period was partially based on an estimated total comprehensive income for 2017 of $34.2 million. Given the number of variables affecting the funding position, annual variances are expected. The actual total comprehensive income for 2017 was $100.3 million. This is $66.1 million more than expected in the funding strategy. The 2017 variances include:

- Assessment Revenue $2.1 million more than expected.
- Investment income $61.2 million more than expected.
- Administrative, Legislative Obligations and System Support costs $8.1 million less than expected, offset by
- Growth in benefits liability and actuarial adjustments $0.4 million more than expected.
- Claims costs incurred $3.5 million more than expected.
- The re-measurement of post-employment benefits resulted in a loss of $1.4 million.

While financial progress is encouraging, there are many factors influencing the funding strategy. All of the assumptions are based on long term expectations. Annual investment returns by their nature are unpredictable, and short term results will vary from the long term expectations. Revenue from the covered workforce is dependent on economic activity and the size of the covered workforce. Claims experience can vary and 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.

FUNDED PERCENTAGE

All Jurisdictions, 2016 (AWCBC)

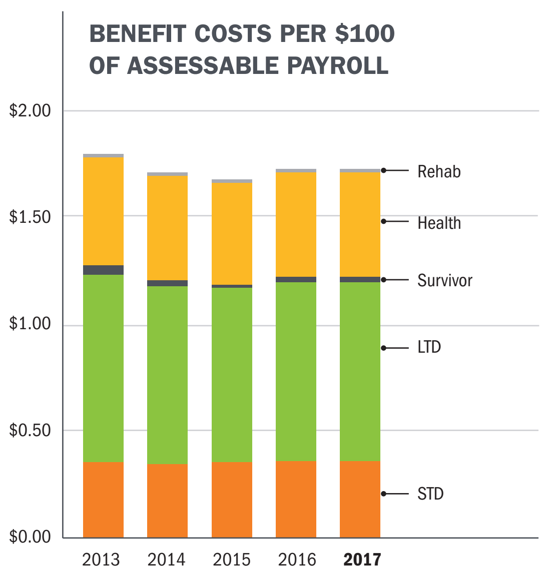


Risk Areas

Given the nature of our operations, the WCB is inherently susceptible to risks that, if unmitigated, could lead to significant financial consequences. Benefit costs, investment returns, economic conditions, fraudulent activities and technology risk are all considerations that can affect the WCB's performance and financial results.

BENEFIT COSTS

Recent progress toward claim cost reduction stalled in 2017, as the organization invests in new processes and technologies designed to improve service and claim outcomes well into the future. Normal staff turnover, and staff reassignments to the change initiative have temporarily made our work more challenging. This along with changes in key industries outside of our organization resulted in an increase in both claim volume and claim duration. Despite all of these challenges, benefit costs per $100 of assessable payroll showed slight improvement, decreasing from $1.72 in 2016 to $1.71 in 2017. Additionally, there is virtually no change in the distribution of claims costs among the five cost categories.



An aggressive change agenda will continue to challenge operational results and progress towards our longer term goals over the next two years. While we have taken steps to reduce the impact of change, it is not practical to fully mitigate this risk. Improved outcomes are expected to resume in 2020; however the pattern of improvement that will result from our transformation will evolve over time.

INJURY RATE

The injury rate is one of the most significant drivers of benefit costs, and a key focus of the WCB's attention for risk mitigation. At the end of 2017, the injury rate was 1.76 time-loss injuries per 100 covered workers, up from 1.74 in 2016.

As of December 31st, 2017, there were approximately 3,150 fewer time-loss injuries than in 2005, reflecting an average annual decrease of more than 3.5 per cent. While this is significant progress, cost reductions did not occur as originally expected. This was partially because the majority of the decrease in injury volume over the last nine years was among lower-cost injuries, and because savings from long-term disability costs take longer to materialize. Long-term disability cost reductions started to emerge in 2014; however changes in key economic assumptions in 2017 altered the expected timing of savings realization. Reductions in long-term disability claims and costs are expected to resume in 2018 and continue through 2022, as the volume of long-term awards is less than assumed in previous valuations.

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 long-term benefits. The WCB's early intervention and return-to-work approaches will help to reduce claims costs incurred over time, by shortening durations and reducing the number of workers going on to long-term disability.

Claim durations reflect the persistence of injuries that occur in the workplace. The WCB's goal is to improve outcomes for injured workers, and reduce the human and financial cost of workplace injuries in Nova Scotia. Recent increases in claim durations reflect the impact of several factors including our transformation and are expected to be temporary. Beginning in 2020, we expect that improved processes and technology will lead to improvements in claim durations and overall cost reductions. As previously noted, the timing and pattern of improvement will evolve over time.

INVESTMENT RETURNS

The WCB's assets are diversified among a variety of asset classes and fund managers in order to optimize returns and manage risk. External investment managers must comply with the WCB's Statement of Investment Policies and Objectives (SIPO) that outlines permissible investments. The SIPO is designed so the portfolio will provide reasonably 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 adopted in December 2017 was prepared using a return-on-investments assumption of 6.0 per cent. During 2015, the WCB updated the asset allocation strategy and reviewed our long-term expectation for inflation and real returns. Results of this work indicate that a long-term investment return of 6.0 per cent is a reasonable expectation. An updated asset liability study will be contemplated as we move closer to elimination of the unfunded liability, and to the implementation of IFRS 17, where the benefits liabilities will be marked to a current market rate versus longer term assumptions.

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 for the cost of services has been higher than general inflation.

Nova Scotia's employment is expected to remain stable in 2018 with minimal impact on the WCB covered workforce. Slower than expected future growth or contraction of the economy could impact the funding strategy if growth in payroll falls below the funding strategy expected level.

FRAUD

The WCB provides workplace injury insurance to about 19,500 employers and about 336,000 workers across Nova Scotia and uses the services of thousands of service providers. The significant volume and value of the monetary transactions that occur create 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. System failures or security breaches are significant risks to the WCB. The organization has taken steps to mitigate these risks by investing in technology, maintaining backup systems and processes, developing staff expertise and having a disaster recovery plan for information technology purposes.

In support of our mission, the WCB has embarked on a comprehensive program of business transformation, which will position the organization to be more efficient and meet the challenges of the digital environment. This will continue over the next several years.

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 Judgements and Estimates” outline the WCB’s significant accounting policies and estimates.

Significant policies include measurement of investment income and the valuation of the benefits liabilities. Reported investment income is affected by the changes in fair market value 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.

The benefits liabilities determined in the financial statements are estimated using many actuarial assumptions. The two most significant assumptions are the long-term discount rate and the long-term inflation rate, and estimates are highly sensitive to small changes in these assumptions. Measurement uncertainty is high because of the amount, timing, and duration of the benefits. Actual future results will vary from the actuarial valuation estimate and the variations could be material. IFRS 17, the Insurance Contracts standard is expected to be effective after 2020. The basis of accounting for the benefits liabilities will change to fair value utilizing a market based discount rate. This change will impact the WCB’s financial results. A sensitivity analysis relating to insurance risk is included in Note 11 of the financial statements.

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.

The funding strategy reflects the balance 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 2017, the funding position was strengthened, primarily attributable to favourable experience adjustments for injuries that occurred in prior years and better performance of the investment portfolio than expected in the funding strategy. The positive performance in 2017 increases the probability that we will be able to stay on plan and eliminate the unfunded liability between 2020 and 2024. That said, there are many variables and the range of possible results over the short to medium term is significant. The asset liability study performed in 2015 showed the probability of eliminating the unfunded liability by the end of 2022 is greater than 60 per cent, and the probability of being less than 70 per cent funded is less than six per cent.

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 several 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. The target funding range between 2020 to 2024 was adopted in June, 2017. As the date when the unfunded liability is eliminated approaches, the sensitivity to changes will be more prominent, with any negative impacts representing a challenge as there will be fewer market cycles over which to recover. Positive results are a step in the right direction and the focus will be to maintain current momentum going forward.

The Board of Directors will revisit the funding strategy as part of the annual budget process in June 2018. On an ongoing basis, the WCB weighs the views of stakeholders on a number of topics, which includes the appropriate level of benefits, rates charged to employers and the WCB's funding position.

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 or the funding strategy, actual results will differ from the projections and these differences may be material.

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, 2017, and the statements of comprehensive income, changes in the unfunded liability, and cash flows for the year then ended, 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.

Auditor's 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 auditor's 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 auditor considers 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, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Grant Thornton LLP

Halifax, Canada
June 28, 2018

Chartered Professional Accountants
Licensed Public Accountants

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

as at December 31 (thousands of dollars)

	2017	2016
Assets		
Cash & cash equivalents	$ 6,870	$ -
Receivables (Note 5 and 17)	28,583	29,890
Investments (Note 6)	1,773,482	1,645,712
Property and equipment (Note 8)	4,286	4,072
Intangible assets (Note 9)	13,107	4,726
	$ 1,826,328	$ 1,684,400
Liabilities and Unfunded Liability		
Bank indebtedness	$ -	$ 8,865
Payables and accruals	28,027	39,982
Post-employment benefits (Note 10)	31,882	28,792
Benefits liabilities (Note 11)	1,983,720	1,924,386
	2,043,629	2,002,025
Unfunded liability	(217,301)	(317,625)
	$ 1,826,328	$ 1,684,400

Commitments (Note 19)
Capital Management (Note 21)

Approved on behalf of the Board of Directors on June 28, 2018:

Rodney Burgar
Chair, Board of Directors

Angus Bonnyman
Chair, Finance, Audit and Risk Committee

STATEMENT OF COMPREHENSIVE INCOME

year ended December 31 (thousands of dollars)

	2017	2016
Revenue		
Assessments (Notes 12, 16 and 17)	$ 329,188	$ 318,962
Investment income (Note 6)	163,242	100,070
	492,430	419,032
Expenses		
Claims costs incurred (Notes 11, 16 and 17)	219,812	212,491
Growth in present value of benefits liabilities, actuarial adjustments and adjustment for latent occupational disease (Note 11)	100,562	73,527
Administration costs (Notes 13, 17 and 20)	53,764	51,520
System support (Note 14)	884	956
Legislated obligations (Note 15)	15,684	15,430
	390,706	353,924
Excess of revenues over expenses	101,724	65,108
Other comprehensive income		
Re-measurement of post-employment benefits (Note 10)	(1,400)	(867)
Total comprehensive income	$ 100,324	$ 64,241

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

STATEMENT OF CHANGES IN THE UNFUNDED LIABILITY

year ended December 31 (thousands of dollars)

	2017	2016
Unfunded liability excluding accumulated other comprehensive income		
Balance, beginning of year	$ (310,909)	$ (376,017)
Excess of revenues over expenses	101,724	65,108
	$ (209,185)	$ (310,909)
Accumulated other comprehensive income		
Balance, beginning of year	$ (6,716)	$ (5,849)
Other comprehensive income	(1,400)	(867)
	$ (8,116)	$ (6,716)
Unfunded liability end of year	$ (217,301)	$ (317,625)

STATEMENT OF CASH FLOWS

year ended December 31 (thousands of dollars)

	2017	2016
Operating Activities		
Cash received from:		
Employers, for assessments	$ 326,759	$ 313,685
Net investment income	121,326	41,854
	448,085	355,539
Cash paid to:		
Claimants or third parties on their behalf	(255,057)	(254,848)
Suppliers, for administrative and other goods and services	(80,944)	(64,822)
	(336,001)	(319,670)
Net cash provided by operating activities	112,084	35,869
Investing Activities		
Increase in investments, net	(85,868)	(41,449)
Purchases of equipment and intangible assets	(10,481)	(5,090)
Net cash used in investing activities	(96,349)	(46,539)
Net increase (decrease) in cash and cash equivalents	15,735	(10,670)
(Bank indebtedness), cash and cash equivalents, beginning of year	(8,865)	1,805
Cash and cash equivalents, (bank indebtedness), end of year	$ 6,870	$ (8,865)

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

NOTES TO THE **FINANCIAL STATEMENTS** *year ended December 31st, 2017 (thousands of dollars)*

NATURE OF OPERATIONS

1. 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 safe and timely return to work; administers the payment of benefits to injured workers and dependents; 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.

2. BASIS OF PREPARATION

Statement of compliance
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies 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 policies 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 1.0 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
All portfolio investments are designated 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, distributions from pooled funds and investment foreign currency gains and losses are recognized as investment income in the period incurred. Distributions from pooled funds are automatically reinvested within the pooled funds. Investment income is presented net of investment expenses.

The following determines fair value of investments:

- Pooled fund units (equities and fixed income) are valued at their year-end net asset values (NAV) as determined by the fund managers.
- Structured entities such as limited partnerships in infrastructure and private equity as well as hedge funds are valued at the most recent available NAVs 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.

Unconsolidated structured entities
The investments in limited partnerships for infrastructure and private equity and a pooled hedge fund do not satisfy the elements for control or significant influence and therefore have not been consolidated into these financial statements. Financial instruments accounting has been applied. The WCB's financial exposure is limited to the net carrying amount of the investments. Obligations are imposed on funds committed in structured entities; once committed, an investor is expected to fund the entire subscribed amount over the term of the agreement.

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 5 to 40 years is used for building components and from 3 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 depreciation 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
An independent actuary is appointed to prepare the post-employment benefit estimates. The amounts 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. Due to the curtailment of the retirement allowance program, the projected unit credit method has been adjusted such that the defined benefit obligation for the retirement allowance program is the present value of all future retirement allowance payments. Actuarial gains and losses arise from the actual experience of the plan's liabilities for a period and are recorded through other comprehensive income with no subsequent reclassification to comprehensive income. Current service, past service (including curtailment) and interest costs are recorded through profit and loss in the period in which they arise. Discount rates are based on the market yields of high quality corporate bonds.

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 including exposure for occupational diseases. The benefits liabilities includes provisions 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 Statement of Financial Position date. The resulting translation adjustment is accounted for on a basis consistent with the accounting policy for investments.

h) Financial Instruments

The WCB early adopted IFRS 9 – Financial instruments (2009), 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 cost, which approximates fair market value
- Accounts receivable and payable – recorded at amortized cost
- Investments – recorded as fair value through profit and loss

The carrying values of accounts receivables and payables approximate fair values due to the short-term maturity and/or underlying terms and conditions. The WCB's accounts receivable are not subject to significant concentration of credit risk as the accounts are owed by a large number of employers, the Province of Nova Scotia and the Government of Canada on normal credit terms. Accounts are reviewed regularly for consideration to be included in the allowance for doubtful accounts or to be written-off.

The investment portfolio does not contain any derivatives intended for speculation or trading purposes. The portfolio includes a currency hedging strategy by investing in the Hedged Mercer Global Equity Fund. 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.

Depreciation 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. The useful lives of intangible assets are reviewed at each reporting date and adjusted if required.

j) Asset Impairment Testing

IFRS requires 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 entity and its 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) Current and 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 in the future as follows:

IFRS 9 – Financial instruments – The IASB issued the final version of this standard in July 2014 with a mandatory effective date of January 1, 2018. The WCB had already adopted phase one (classification and measurement) in 2011 on adoption of IFRS. The standard introduced the option to recognize unrealized investment gains and losses as fair value through other comprehensive income (OCI) with no subsequent reclassification to profit or loss. Based on analysis performed to date, but not yet finalized, phase two (impairment) is not expected to have a significant impact on reported results and phase three (hedge accounting) is not applicable.

IFRS 15 – Revenues from Contracts with Customers – The standard replaces various revenue recognition standards and interpretations. The new standard does not apply to insurance contracts. The mandatory effective date for adoption is for years beginning on or after January 1, 2018. Based on analysis performed to date, but not yet finalized, this standard will entail only presentation and disclosure changes, and is not expected to have a material impact as WCB's major revenue streams fall outside of the scope of this section.

IFRS 16 – Leases – This new standard requires all leases be treated as finance type leases with assets and liabilities recorded on the statement of financial position, with the exception of short-term and low dollar value leases. The most important change for the WCB will be reporting a right-of-use asset measured at the present value of the future lease payments, amortized over the lease term related to the WCB's leases for office space. The mandatory effective date for adoption is for years beginning on or after January 1, 2019.

IFRS 17 – Insurance Contracts (Replacing IFRS 4) – This new insurance standard will replace IFRS 4. The standard was released in May 2017 after many years of development. The mandatory effective date for adoption is for years beginning on January 1, 2021. This standard will have material impacts for the WCB's financial reporting by introducing new recognition and measurement approaches for insurance revenue and liabilities. One of the most significant changes is the move to market based interest rates used to discount the future cash flows of the benefits liabilities which is expected to lead to an increase in the benefits liabilities on the statement of financial position and increase volatility in reported income. Other changes impact actuarial procedures, data requirements, valuation methods, disclosures and possible system changes. The WCB is assessing the full impact of this new standard with research and collaboration with other WCB's, auditors and external actuaries.

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 6 – Investments
- Note 7 – Financial Risk Management
- Note 10 – Post-employment benefits
- Note 11 – Benefits liabilities
- Note 12 – Assessment revenue

5. RECEIVABLES

	2017	2016
Assessments	$ 21,051	$ 20,873
Self-insured employers	4,741	6,156
Assessments receivable	25,792	27,029
Harmonized sales tax rebate	1,100	762
Other	1,691	2,099
	$ 28,583	$ 29,890

Assessments receivable are net of an allowance for doubtful accounts of $4,257 in 2017 (2016 – $4,279). Other receivables are net of an allowance for doubtful accounts of $1,379 in 2017 (2016 – $1,301). Amounts written off to bad debts were $500 in 2017 (2016 – $1,200).

6. INVESTMENTS

	2017	2016
Equities		
Canadian	$ 214,982	$ 213,673
Global	204,245	269,412
Global low volatility	121,830	107,629
Global hedged	80,587	-
Global small cap	96,844	83,531
Emerging markets	127,700	109,257
Private equity	9,729	4,770
	855,917	788,272
Long term bonds	357,986	134,848
Fixed income	117,841	314,178
Opportunistic fixed income	85,736	81,613
Real estate	168,932	158,683
Hedge funds	166,473	156,980
Infrastructure	20,445	9,025
Cash and money market	152	592
Currency overlay	-	1,521
	$ 1,773,482	$1,645,712

Investment Income	2017	2016
Distributions from pooled funds	$ 93,082	$ 49,780
Change in fair market value	43,424	39,735
Realized gains from the sale of investments	32,308	9,930
Currency overlay gains (losses)	1,404	6,882
Portfolio management expenses & interest	(6,976)	(6,257)
Net investment income	$ 163,242	$ 100,070

Funding Commitments

During 2016, commitments were made into limited partnership agreements with externally managed infrastructure, private equity and real estate funds that require contributions into these investments over the next several years. Unfunded commitments as of December 31st are as outlined in the below table.

Mandate	2017 Undrawn Funding Commitments	Total Commitment
Infrastructure	$ 41,000 USD	$ 57,500 USD
Private equity	$ 49,300 USD	$ 57,500 USD
Real estate	$ 34,400 CDN	$ 80,000 CDN

Mandate	2016 Undrawn Funding Commitments	Total Commitment
Infrastructure	$ 50,500 USD	$ 57,500 USD
Private equity	$ 53,600 USD	$ 57,500 USD
Real estate	$ 67,200 CDN	$ 80,000 CDN

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.

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 is prepared with information provided by an external investment consultant and 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.

	2017		2016	
Equities	% Change	CI Impact	% Change	CI Impact
	(1 Std Deviation)		(1 Std Deviation)	
Canadian	7.5%	$ (16,124)	9.0%	$(19,231)
Global	9.4%	$ (19,199)	10.0%	$(26,941)
Global Hedged*	9.2%	$ (7,414)	n/a	$ -
Global Low Volatility	9.4%	$ (11,452)	10.0%	$(10,763)
Global Small Cap	10.2%	$ (9,878)	11.7%	$ (9,773)
Emerging Markets	11.7%	$ (14,941)	12.0%	$(13,111)

*Based on 4.5 Years

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 8.8 years. The duration of the fixed income investments are as outlined in the following table.

Duration of bond portfolios (in years)	2017	2016
Fixed income	7.6	7.4
Long term bonds	14.8	14.6
Opportunistic fixed income	4.4	4.7

The following table presents the effect of an increase in market interest rates for fixed income investments (which are held in pooled funds) and the resulting decrease in comprehensive income.

	2017	2016
0.5% change	CI Impact	CI Impact
Fixed income	$ (4,472)	$ (11,646)
Long term bonds	$ (26,455)	$ (9,851)
Opportunistic fixed income	$ (1,873)	$ (1,934)

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 an allocation of global equities invested in a global equity hedged fund to hedge approximately 15 per cent of the foreign currency denominated assets. In 2016, the WCB directly held foreign exchange forward contracts to hedge approximately 30 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.

	2017	2016
Currency	CI Impact	CI Impact
USD	$ (29,997)	$ (25,156)
EURO	$ (3,254)	$ (3,219)
YEN	$ (3,258)	$ (2,803)
POUND	$ (2,243)	$ (2,156)

The fair market value of the overlay contracts positions is as follows:

Currency Overlay Contracts by Currency	2017 Position	2016 Position
USD	$ -	$ (1,329)
POUND, EURO, YEN	-	2,850
Total position	$ -	$ 1,521

The WCB did not hold any foreign overlay contracts at December 31st, 2017.

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 a well-diversified portfolio with limited exposure to any one entity, industry or country, 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, fixed term investments, and foreign exchange forward contract counterparties.

The credit ratings of the WCB's fixed-income securities at December 31 are listed in the table below.

	2017		2016	
Credit Rating	Total	%	Total	%
AAA	$ 115,399	20.5%	$ 157,484	29.7%
AA	196,288	35.0%	136,428	25.7%
A	113,704	20.2%	115,021	21.7%
BBB	76,164	13.6%	63,029	11.9%
BB	36,345	6.5%	35,009	6.6%
B	16,804	3.0%	16,241	3.0%
Below B	6,859	1.2%	7,427	1.4%
Total	$ 561,563	100.0%	$ 530,639	100.0%

The WCB is also exposed to credit risk through its trade receivables. The risk is mitigated through the receivable monitoring process. Risk is reduced due to the large number of customers and their different geographic areas and industries. The allowance for doubtful accounts is reviewed and updated on a regular basis. Accounts past 60 days due are approximately 15 per cent of assessments receivables.

Liquidity risk

The WCB has contractual obligations and financial liabilities and therefore is exposed to liquidity risk. The WCB generally generates sufficient cash to meet obligations from revenue from employers. 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.

The WCB's investment portfolio is well diversified in pooled funds that are primarily highly liquid. There were no restrictions on the redemptions of portfolio investments during the reporting period, except for those listed in the following table. Due to the absence of active markets and the contract terms the investments cannot be sold or converted easily to cash in a timely and cost-effective manner.

Mandate	December 31st, 2017	December 31st, 2016
Infrastructure[1]	$ 20,445	$ 9,025
Private equity[1]	9,729	4,770
Hedge funds[2]	166,473	156,980
Total	$ 196,647	$ 170,775

[1] This fund is a closed-end fund with a 14 year life expected to end in July 2031. The general partner has the option to extend the fund's life by one year.

[2] The liquidity of this fund is subject to change but is estimated to be 85 per cent (2016 - 81 per cent) redeemable within one year of redemption request, 11 per cent (2016 - 15 per cent) within two years and 4 per cent after two years.

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 reflecting assumptions about market pricing using the best internal and external information available.

The following fair value hierarchy table presents information about the financial assets measured at fair value on a recurring basis as of December 31st. There were no transfers between levels during either year.

2017	Level 1	Level 2	Level 3	Total
Short-term investments	$ 152	$ -	$ -	$ 152
Equities	-	846,188	9,729	855,917
Fixed term investments	-	561,563	-	561,563
Real estate	-	-	168,932	168,932
Hedge funds	-	-	166,473	166,473
Infrastructure	-	-	20,445	20,445
	$ 152	$1,407,751	$ 365,579	$1,773,482

2016	Level 1	Level 2	Level 3	Total
Short-term investments	$ 592	$ -	$ -	$ 592
Currency overlay	-	1,521	-	1,521
Equities	-	783,502	4,770	788,272
Fixed term investments	-	530,639	-	530,639
Real estate	-	-	158,683	158,683
Hedge funds	-	-	156,980	156,980
Infrastructure	-	-	9,025	9,025
	$ 592	$1,315,662	$ 329,458	$1,645,712

Investments classified as Level 2 represent units held in pooled funds operated by a number of fund managers. The pooled funds are comprised of publically traded securities and fixed income holdings with observable market information with respect to value. Investments classified as Level 3 include units of pooled funds in private equity, real estate, hedge funds and infrastructure investments. Valuations are provided by the fund managers for financial reporting purposes. Valuation techniques are selected based on the characteristics of the investments, with the overall objective of maximizing market-based information. Management is responsible for ensuring the technique is appropriate in the circumstances.

2017 Source of Change in Value of Level 3 Investments	Private Equities	Real Estate	Hedge Funds	Infra-structure	Total
Value December 31st, 2016	$ 4,770	$158,683	$156,980	$ 9,025	$329,458
Purchase of units	5,538	32,798	-	12,064	50,400
Unrealized gains (losses)	(579)	11,380	9,493	(644)	19,650
Sale of units	-	(32,798)	-	-	(32,798)
Investment management fees	-	(1,131)	-	-	(1,131)
Value December 31st, 2017	$ 9,729	$168,932	$166,473	$ 20,445	$365,579

2016 Source of Change in Value of Level 3 Investments	Private Equities	Real Estate	Hedge Funds	Infra-structure	Total
Value December 31st, 2015	$ -	$151,547	$ -	$ -	$151,547
Purchase of units	5,198	12,761	155,000	9,189	182,148
Unrealized gains (losses)	(396)	8,403	1,980	(147)	9,840
Sale of units	-	(12,761)	-	-	(12,761)
Investment management fees	(32)	(1,267)	-	(17)	(1,316)
Value December 31st, 2016	$ 4,770	$158,683	$156,980	$ 9,025	$329,458

Concentration risk

The WCB has concentrations in countries other than Canada through investments in the global pooled funds, hedge fund, opportunistic fixed income fund, long bond fund, private equity and infrastructure totalling $918,800 at December 31st (2016 - $814,100). The WCB's foreign country concentrations are summarized in the table below.

Significant exposure	2017		2016
United States	43.1%	United States	48.8%
Japan	6.0%	Japan	5.2%
China	4.3%	United Kingdom	5.0%
United Kingdom	3.8%	China	3.9%
Brazil	2.3%	Brazil	2.4%
All other global	40.5%	All other global	34.7%
	100.0%		100.0%

8. PROPERTY AND EQUIPMENT

	Land and Building[1]	Furniture and facilities	Equipment and computer hardware	Total
Historical cost				
Balance at Jan. 1, 2017	$ 3,965	$ 3,031	$ 2,941	$ 9,937
Additions	134	362	724	1,220
Disposals & retirements	(66)	(231)	(472)	(769)
Balance at Dec. 31, 2017	$ 4,033	$ 3,162	$ 3,193	$ 10,388
Depreciation and impairment				
Balance at Jan. 1, 2017	$ (2,089)	$(1,947)	$ (1,829)	$ (5,865)
Current period depreciation	(251)	(235)	(513)	(999)
Impairment losses	(1)	-	(6)	(7)
Disposals & retirements	66	231	472	769
Balance at Dec. 31, 2017	$ (2,275)	$(1,951)	$ (1,876)	$ (6,102)
Carrying amount at Dec. 31, 2017	$ 1,758	$ 1,211	$ 1,317	$ 4,286

	Land and Building[1]	Furniture and facilities	Equipment and computer hardware	Total
Historical cost				
Balance at Jan. 1, 2016	$ 3,993	$ 3,254	$ 3,126	$ 10,373
Additions	208	263	459	930
Disposals & retirements	(236)	(486)	(644)	(1,366)
Balance at Dec. 31, 2016	$ 3,965	$ 3,031	$ 2,941	$ 9,937
Depreciation and impairment				
Balance at Jan. 1, 2016	$ (2,046)	$(2,080)	$ (1,940)	$ (6,066)
Current period depreciation	(248)	(352)	(519)	(1,119)
Impairment losses	(31)	(1)	(14)	(46)
Disposals & retirements	236	486	644	1,366
Balance at Dec. 31, 2016	$ (2,089)	$(1,947)	$ (1,829)	$ (5,865)
Carrying amount at Dec. 31, 2016	$ 1,876	$ 1,084	$ 1,112	$ 4,072

[1] Includes $155 cost of the land which 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:

	2017	2016
Cost – capitalized finance leases	$ 200	$ 227
Accumulated depreciation	(44)	(208)
Net book value	$ 156	$ 19

Total additions to equipment under finance leases during 2017 was $200 (2016 – nil).

9. INTANGIBLE ASSETS

	Acquired software	Internally generated software	Internally generated processes	Total
Historical cost				
Balance at Jan. 1, 2017	$ 757	$ 5,658	$ 191	$ 6,606
Additions	23	9,437	-	9,460
Disposals & retirements	-	(247)	(191)	(438)
Balance at Dec. 31, 2017	**$ 780**	**$ 14,848**	**$ -**	**$15,628**
Depreciation and impairment				
Balance at Jan. 1, 2017	$ (634)	$ (1,055)	$ (191)	$(1,880)
Current period depreciation	(57)	(1,022)	-	(1,079)
Impairment losses	-	-	-	-
Disposals & retirements	-	247	191	438
Balance at Dec. 31, 2017	$ (691)	$ (1,830)	$ -	$(2,521)
Carrying amount at Dec. 31, 2017	**$ 89**	**$ 13,018**	**$ -**	**$13,107**

	Acquired software	Internally generated software	Internally generated processes	Total
Historical cost				
Balance at Jan. 1, 2016	$ 902	$ 1,521	$ 191	$ 2,614
Additions	13	4,148	-	4,161
Disposals & retirements	(158)	(11)	-	(169)
Balance at Dec. 31, 2016	$ 757	$ 5,658	$ 191	$ 6,606
Depreciation and impairment				
Balance at Jan. 1, 2016	$ (717)	$ (522)	$ (191)	$(1,430)
Current period depreciation	(72)	(544)	-	(616)
Impairment losses	(3)	-	-	(3)
Disposals & retirements	158	11	-	169
Balance at Dec. 31, 2016	$ (634)	$ (1,055)	$ (191)	$(1,880)
Carrying amount at Dec. 31, 2016	$ 123	$ 4,603	$ -	$ 4,726

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 extrapolation of the 2015 actuarial valuation was performed as at December 31st, 2017.

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

	2017	2016
Discount rate, benefits expense for the year	3.95%	4.10%
Discount rate, accrued benefit obligation	3.60%	3.95%
Expected health care costs trend rate; decreasing annually by 0.20% increments to an ultimate rate of 4.50%	6.10%	6.30%
Drug claim increases trend rate; decreasing annually by 0.20% increments to an ultimate rate of 4.50%	6.10%	6.30%
Dental cost escalation	3.00%	3.00%
Retirement age assumption	59 years	59 years

Costs Arising in the Period	2017	2016
Current service costs	$ 985	$ 1,275
Interest costs	1,167	1,139
Past service cost curtailment (b)	-	(695)
Total employee future benefits expense	$ 2,152	$ 1,719

Accrued Benefit Obligation	2017	2016
Beginning of year	$ 28,792	$ 26,804
Total employee future benefits expense	2,152	2,414
Actuarial losses on ABO through OCI (a)	1,400	867
Benefits paid	(462)	(598)
Past service cost curtailment	-	(695)
End of year	$ 31,882	$ 28,792

a) The net actuarial loss of $1,400 as at December 31st, 2017 arises from re-measurement of the liability at the end of fiscal 2017 using a lower discount rate.

b) In 2016, the gain from past service cost curtailment of $695 arises as a result of the assumptions for the retirement allowance service accrual reflecting the years of service up to April 1, 2015 to a maximum of 26 weeks, with no new members added to the plan and assumes the benefit continues to be payable upon retirement with an unreduced pension from the Public Service Superannuation Plan based on salary at retirement.

Estimates are highly sensitive to changes in discount rates and health care cost trends. The table below provides sensitivity for changes to the discount rate or the assumed health care cost trend rates with resulting increases (decreases) to Comprehensive Income (CI).

	2017 CI Impact	2016 CI Impact
1% decrease in the discount rate	$ (7,965)	$ (5,091)
1% increase in the discount rate	$ 5,805	$ 6,933
1% decrease in the assumed health care cost trend rate	$ 5,305	$ 4,345
1% increase in the assumed health care cost trend rate	$ (7,290)	$ (5,921)

11. BENEFITS LIABILITIES

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabil-itation	Subtotal	Claims Administration	Total 2017
Balance, beginning of year	$ 109,789	$ 1,203,632	$ 116,612	$ 379,487	$ 5,938	$ 1,815,458	$ 108,928	$ 1,924,386
Growth in present value of benefit liabilities	5,457	69,977	6,688	20,642	306	103,070	6,184	109,254
Change in actuarial Assumptions (a)	410	16,825	4,711	25,845	58	47,849	2,871	50,720
Actuarial experience adjustments (b)	(2,088)	(38,656)	(2,101)	(14,876)	(739)	(58,460)	(3,507)	(61,967)
Total growth	3,779	48,146	9,298	31,611	(375)	92,459	5,548	98,007
Claims costs incurred	43,663	110,113	4,959	60,373	704	219,812	11,182	230,994
Less: Claims payments made	(46,525)	(134,045)	(13,586)	(63,671)	(879)	(258,706)	(13,516)	(272,222)
Balance, end of year	110,706	1,227,846	117,283	407,800	5,388	1,869,023	112,142	1,981,165
Change in liability for occupational disease in latency (c)	537	783	25	1,043	23	2,411	144	2,555
Balance, end of year	$ 111,243	$ 1,228,629	$ 117,308	$ 408,843	$ 5,411	$ 1,871,434	$ 112,286	$ 1,983,720

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabil-itation	Subtotal	Claims Administration	Total 2016
Balance, beginning of year	$ 104,666	$ 1,190,546	$ 118,173	$ 371,658	$ 6,524	$ 1,791,567	$ 107,494	$ 1,899,061
Growth in present value of benefit liabilities	5,155	69,124	6,779	20,099	344	101,501	6,090	107,591
Actuarial experience adjustments (b)	2,889	(29,541)	397	(6,089)	(820)	(33,164)	(1,990)	(35,154)
Total growth	8,044	39,583	7,176	14,010	(476)	68,337	4,100	72,437
Claims costs incurred	41,748	105,702	5,332	58,955	754	212,491	10,812	223,303
Less: Claims payments made	(44,898)	(132,532)	(14,080)	(65,581)	(874)	(257,965)	(13,540)	(271,505)
Balance, end of year	109,560	1,203,299	116,601	379,042	5,928	1,814,430	108,866	1,923,296
Change in liability for occupational disease in latency (c)	229	333	11	445	10	1,028	62	1,090
Balance, end of year	$ 109,789	$ 1,203,632	$ 116,612	$ 379,487	$ 5,938	$ 1,815,458	$ 108,928	$ 1,924,386

a) In 2017, changes in actuarial assumptions increased the benefits liability by $50,720. The changes are as follows:
   - A reduction of 0.25 per cent in the assumed real rate of return (from 3.5 per cent to 3.25 per cent) and 0.50 per cent in inflation (from 2.5 per cent to 2.0 per cent) increased the benefits liabilities by $73,620.
   - An increase of one year in the average age at injury for future permanent awards (from age 46 to 47 for future permanent Impairment benefits and from age 45 to 46 for future extended earnings replacement benefits) decreased the benefits liability by $23,700.
   - An increase in the volume of permanent impairment benefits expected to be awarded in the future increased the benefits liability by $800.

   There were no changes in actuarial assumptions in 2016.

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 2017, actuarial experience adjustments decreasing the benefits liabilities totalled $61,967. The adjustment included:
   - A net decrease of $27,200 as a result of lower than expected cost of new Extended Earnings Replacement Benefits (EERBs) and new survivor awards.
   - A decrease of $17,400 as a result of expected changes in current and future expected payments.
   - A net decrease of $7,300 as a result of mortality experience.
   - A net decrease of $6,100 as a result of lower than anticipated inflation on awards in pay.
   - A decrease of $3,507 in the provision for future administrative costs.
   - Other accumulated actuarial adjustments resulted in a net decrease of $460.

   In 2016, actuarial experience adjustments decreasing the benefits liabilities totalled $35,154. The adjustments included:
   - A net decrease of $21,100 as a result of lower than expected new Extended Earnings Replacement Benefits (EERBs) and new survivor awards.
   - A decrease of $5,900 as a result of lower than anticipated inflation for awards in pay.
   - A decrease of $10,100 as a result of mortality experience.
   - A decrease of $1,990 in the estimated cost of future claims administration.
   - Other accumulated actuarial adjustments resulted in a net increase to the benefits liabilities of $3,936.

c) The Actuarial Standards Board requires workers' compensation organizations to include an estimation of liabilities for occupational disease during the latency period rather than when the occupational disease is confirmed through diagnosis. The liability for latent occupational disease is estimated at $85,423 and is included in the total benefits liability for 2017 (2016 - $82,868).

Actuarial Assumptions and Methods

All liabilities were calculated using an underlying assumption of 3.25 per cent in 2017 (2016 - 3.50 per cent) for real rate of return on assets and a rate of increase in the CPI equal to 2.00 per cent in 2017 (2016 - 2.50 per cent). The gross rate of return that results from the CPI and the real rate of return assumptions is 5.25 per cent (2016 - 6.00 per cent). The inflation assumptions and the resulting net interest rates are presented below:

2017 Category	Expected Inflation	Resulting Inflation Rate	Resulting Net Interest Rate
Supplementary Benefits (LTD)	0.5% + CPI	2.50%	2.75%
All other LTD, Survivor Pensions	50% * CPI	1.00%	4.25%
Health Care	2.25% + CPI	4.25%	1.00%
All Others	CPI	2.00%	3.25%

2016 Category	Expected Inflation	Resulting Inflation Rate	Resulting Net Interest Rate
Supplementary Benefits (LTD)	0.5% + CPI	3.00%	3.00%
All other LTD, Survivor Pensions	50% * CPI	1.25%	4.75%
Health Care	1.75% + CPI	4.25%	1.75%
All Others	CPI	2.50%	3.50%

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, both of which 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 2.00 per cent assumption for 2017 (2016 – 2.50 per cent) 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 1.00 to 3.00 per cent. This rate is consistent with long-term averages and assumptions on the assets backing the benefits liabilities.

Real Rate of Return – The 3.25 per cent real rate of return assumption for 2017 (2016 – 3.50 per cent) 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 percentage appears to be a reasonable and prudent real return target (after investment expenses) given the Board's strategic asset allocation within the investment portfolio.

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 2017 assumptions for CPI of 2.00 per cent (2016 – 2.50 per cent) and real rate of return of 3.25 per cent (2016 – 3.50 per cent), the gross rate of return assumption is 5.25 per cent (2016 – 6.0 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 1.00 per cent (i.e. 50 per cent of 2.00 per cent); (2016 – 1.25 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 2.25 per cent higher than the general rate of inflation. As a result, medical inflation assumption is 4.25 per cent (i.e. 2.25 per cent + 2.00 per cent); (2016 – 4.25 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 0.50 per cent higher than the general rate of inflation, or 2.50 per cent (2.00 per cent + 0.50 per cent); (2016 – 3.00 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. 2.00 per cent); (2016 – 2.50 per cent).

Future Administration – Future administrative expenses are assumed to be equal to 6.00 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 includes a provision for all recognized occupational diseases that are expected to arise from past workplace exposures. In past valuations, occupational disease claims were recognized upon diagnosis of the covered occupational disease. In 2013, a review of past data was conducted by our independent actuaries to determine a reasonable estimate of the incidence of occupational disease in Nova Scotia workplaces. The review concluded that an additional provision of 4.50 per cent of the total benefits liability was adequate to cover the cost of occupational disease in the latency period.

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. The study concluded that this table is reasonable based on the number of deaths that occurred among the injured worker population over the past several years.

Future Permanent Awards – Future EERB and Permanent Impairment Benefit (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 for EERB awards were developed for the 2008 valuation. In 2017, the run off tables for PIBs were updated to reflect increasing PIB experience. 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 (3.25 per cent) and the long-term inflation rate (2.0 per cent). The liability estimates are highly sensitive to small changes in these assumptions. The following table provides examples of their 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 plans (at minimum) provide sensitivity testing for certain specified scenarios. These mandated scenarios are tested, along with other plausible scenarios, in the table below. The scenarios tested can be summarized as follows:

1. Scenario 1 tests the impact of a 100 basis point decrease in the assumed rate of investment earnings.
2. Scenario 2 tests the impact of a 100 basis point increase in the assumed rate of inflation.
3. 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 liabilities.
4. Scenario 4 shows the impact of strengthening economic assumptions by reducing the assumed inflation rate by 50 basis points.
5. 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.
6. Scenario 6 provides an integrated test of the impact of a high inflation, low real rate of return environment.
7. Scenario 7 provides the impact of a 1.0 per cent increase in the assumed healthcare inflation rate.

Sensitivity of Valuation Assumptions

	Assumptions			Change to Liabilities and Incurred Claims		
	Real Return	Inflation	Investment	Effect	Liabilities	Incurred Claims
1	2.25%	2.00%	4.25%	Increase	$ 161,330	$ 15,672
2	3.25%	3.00%	6.25%	Decrease	$ (43,717)	$ (3,490)
3	1.60%	1.60%	3.20%	Increase	$ 303,962	$ 29,269
4	3.25%	1.50%	4.75%	Increase	$ 23,000	$ 1,833
5	2.75%	1.50%	4.25%	Increase	$ 102,142	$ 9,497
6	2.25%	3.00%	5.25%	Increase	$ 111,298	$ 11,590
7	Increase Health Care Inflation Rate by 1%			Increase	$ 52,831	$ 4,018

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 rate 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 employees, the Nova Scotia Department of Labour and Advanced Education is provided with data to allow targeted occupational health and safety inspections.

Claims Development Table

The following claims development table is a required disclosure under International Financial Reporting Standards. 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 31st, 2008. The amount in accident year 2008, and year of estimate 2017 (i.e. $232,702) 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 2008 through 2017, as well as the liability for accident years 2008 and prior.

		Accident Year										
	Year of Estimate	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Estimated Total Cash Flow (including Past and Future Cash Flows)	2008	$ 268,645										$ 268,645
	2009	268,721	$ 277,094									545,815
	2010	274,394	272,679	$ 291,200								838,273
	2011	278,871	262,142	285,756	$ 307,785							1,134,554
	2012	262,054	236,655	257,080	272,468	$ 292,523						1,320,780
	2013	256,798	235,326	250,970	257,182	280,830	$ 308,160					1,589,266
	2014	247,688	223,735	236,287	232,763	242,790	275,937	$ 293,068				1,752,268
	2015	243,925	221,488	228,787	221,940	227,030	258,543	275,718	$ 293,116			1,970,547
	2016	236,316	219,694	228,306	220,043	218,202	253,355	259,320	287,475	$ 309,241		2,231,952
	2017	232,702	210,680	219,448	210,233	201,626	235,571	241,904	260,226	282,282	$ 299,129	2,393,801
Current (2017) Estimate of Total Cash Flow		232,702	210,680	219,448	210,233	201,626	235,571	241,904	260,226	282,282	299,129	2,393,801
Total Cash Flows Paid to December 31st, 2017		(131,521)	(113,381)	(108,394)	(94,824)	(86,049)	(87,197)	(76,575)	(68,783)	(55,107)	(27,309)	(849,140)
Estimated Future Cash Flows		101,181	97,299	111,054	115,409	115,577	148,374	165,329	191,443	227,175	271,820	1,544,661
Impact of Discounting		(36,343)	(36,456)	(43,063)	(45,415)	(45,144)	(58,397)	(65,461)	(75,688)	(91,337)	(107,521)	(604,825)
Liability in Respect of Accident Years 2008 to 2017		$ 64,838	$ 60,843	$ 67,991	$ 69,994	$ 70,433	$ 89,977	$ 99,868	$ 115,755	$ 135,838	$ 164,299	939,836
Liability for Accident Years 2007 and prior												851,010
Claims Administration												107,451
Balance Sheet Liability, Excluding Latent OD												$ 1,898,297
Latent Occupational Disease Provision												85,423
Balance Sheet Liability at December 31st, 2017												$ 1,983,720

12. ASSESSMENT REVENUE

	2017	2016
Assessed employers	$ 290,599	$ 281,886
Self-insured employers (Note 16)	40,432	39,099
Assessment reporting penalties and interest	1,335	1,196
	332,366	322,181
Deduct: practice incentive rebates and surcharge refunds	(3,178)	(3,219)
	$ 329,188	$ 318,962

Practice incentive rebates and surcharge refund programs are voluntary and offer refunds and rebates to those registered workplaces that have met certain eligibility requirements. They are payable in the following year.

13. ADMINISTRATION COSTS

	2017	2016
Salaries and staff expense	$ 37,163	$ 36,409
Professional, consulting and service fees	7,659	7,789
Services contracted	3,831	2,450
Building operations	2,537	2,464
Depreciation	2,021	1,784
Communications	1,051	1,383
Supplies	795	831
Travel and accommodations	682	727
Training and development	359	411
	56,098	54,248
Change in liability for future administration costs	(2,334)	(2,728)
	$ 53,764	$ 51,520

14. SYSTEM SUPPORT

System support costs are costs associated with providing support and funding for 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

	2017	2016
Occupational Health and Safety	$ 10,859	$ 10,441
Workers' Advisers Program	3,059	3,328
Workers' Compensation Appeals Tribunal	1,766	1,661
	$ 15,684	$ 15,430

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.

Combined with the Workers' Advisers Program are the Injured Workers Associations which 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.

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.

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.

	2017	2016
Revenue	$ 40,432	$ 39,099
Claims payments made		
Short-term disability	$ 5,245	$ 4,970
Long-term disability	17,585	16,480
Survivor benefits	3,368	3,396
Health care	7,248	7,454
	33,446	32,300
Administration costs	6,986	6,799
	$ 40,432	$ 39,099

Self-insured employers are included in claims cost incurred; however, 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:

	2017	2016
Revenue	$ 7,067	$ 6,430
Claims payments made	5,369	4,768
Administration costs	1,698	1,662
	$ 7,067	$ 6,430

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 31st, 2017, the amount receivable from the Province of Nova Scotia was $1,437 (2016 - $859) for claims payments made and administration costs.

Key management personnel of the WCB (CEO, Vice Presidents, 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 (in actual dollars)

	2017						2016	
	Number of Individuals	Salary	Benefits	Other	Total	Notes	Number of Individuals	Total
Chair, Board of Directors	1	$ 42,200	$ 41	$ -	$ 42,241		1	$ 41,848
Acting Chair	-	-	-	-	-		1	1,833
Board of Directors	9	136,800	5,949	-	142,749		8	174,730
	10	179,000	5,990	-	184,990	1	10	218,411
Chief Executive Officer	1	269,216	25,175	17,554	311,945		1	308,650
Chief Financial Officer	1	168,067	25,388	4,126	197,581		1	197,549
VP People and Change	1	168,067	22,936	10,590	201,593		1	196,131
VP Prevention and Service Delivery	1	168,067	25,352	13,176	206,595		1	203,976
	4	773,417	98,851	45,446	917,714		4	906,306
Staff Salaries & Benefits	443	28,771,136	4,887,797	302,973	33,961,906	2	433	33,592,158
(Average 2017-$75,864; 2016-$76,562)								
Post-employment Benefits	-	-	2,183,532	-	2,183,532		-	1,771,504
Administration-Salaries & Benefits	457	$ 29,723,553	$ 7,176,170	$ 348,419	$ 37,248,142	3	447	$ 36,488,379

1 The Chair's/Acting Chair's combined remuneration was based on a daily per diem allowance of $300 in addition to an honorarium of $20,000 annually, to a maximum of $50,000 per year. The Chair's term commenced January 19, 2016. The Deputy Chair was the Acting Chair and received the Chair's rate of remuneration until January 18, 2016. 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 This figure represents the average number of employees on payroll during the fiscal year.

3 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 2017 of $37,248,142 (2016 - $36,488,379) varies by $84,963 (2016 - $79,581) from Note 13 in the financial statements due to travel allowance disclosed in 'Other', which is posted to 'Travel and accommodations' in Note 13.

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 Comprehensive Income.

Industry	Payee	2017	2016
Construction	Nova Scotia Construction Safety Association	$ 2,031	$ 1,825
Trucking	Nova Scotia Trucking Safety Association	324	301
Fishing	Fisheries Safety Association of Nova Scotia	232	230
Forestry	Forestry Safety Society	144	149
Auto Retailers	Nova Scotia Automobile Dealers' Safety Association	131	135
Retail Gasoline	Retail Gasoline Dealers' Association	31	32
		$ 2,893	$ 2,672

19. COMMITMENTS

Operating lease commitments

The WCB leases office space under operating leases. Halifax office space lease has a non-cancellable term of five years which commenced on January 1, 2017, effective through 2021.

Sydney office space lease 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:

	2017	2016
Basic rent[1]	$ 743	$ 737
Variable rent[2]	844	932
Total rent expense	$ 1,587	$ 1,669

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:

	2017	2016
Within 1 year	$ 778	$ 765
More than 1 year and up to 5 years	2,485	2,566
Later than 5 years	405	-
Total	$ 3,668	$ 3,331

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:

		2017		2016
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	$ 73	$ 58	$ 21	$ 21
One to five years	123	104	-	-
More than five years	-	-	-	-
Total minimum lease payments	196	162	21	21
Less finance charges	(34)	-	-	-
Present value of minimum lease payments	$ 162	$ 162	$ 21	$ 21

Leased assets are pledged as collateral for the related finance leases.

Investment Commitments

There are undrawn investment commitments for certain limited partnerships and pooled funds. See Note 6 *"Investments"*.

20. EMPLOYEE PENSION PLAN

Employees of the WCB participate in the Public Service Superannuation Fund (Plan), a contributory pension plan administered by the Pension Services Superannuation Plan Trustee Incorporated, 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 2017 were $2,495 (2016 - $2,482) 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 89.4 per cent (2016 – 84.1 per cent).

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 31st, 2017, 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 $1,983,720,000 represents the actuarial present value at December 31st, 2017, 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 31st, 2017. The liabilities include a provision for future administrative expenses. The liabilities also include a provision for potential occupational diseases in the latency period. 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 3.25% per annum for the real rate of return on invested assets and 2.00% 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 1.00% 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 2.00% 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 4.25% 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; and
- the amount of benefit liabilities makes appropriate provision for future benefit payments on accidents incurred prior to the valuation date.

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

Scott Mossman,
FSA, FCIA

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

Working in collaboration with workers, employers and our partners, the WCB's goals are to:

- Build a **workplace safety culture;**
- Improve outcomes for **safe and timely return to work;**
- Be **financially stable and sustainable;**
- **Expand strategic relationships** to enhance the commitment to workplace health and safety and return to work across the province;
- Provide **excellent and efficient service,** leveraging technology to meet worker and employer expectations.

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.

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

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