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

WCB Nova Scotia **Annual Report 2022**

Nova Scotians – safe and secure from workplace injury

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Reducing workplace injury's impact in long-term care, home care

Cover: In 2022, there was continued improvement in both injury prevention and safe and timely return to work – particularly in long-term care and home care, which are sectors of strategic focus for the WCB.

After years of partnership involving Government, AWARE-NS and many other organizations, the injury rates in both long-term care and home care improved significantly. There was also improvement in the amount of time lost to workplace injury in these sectors. The work will continue in the coming years, as the WCB and our partners work to reduce workplace injury's impact on those who care for others.

Pictured on the cover is a photo from our new campaign, "Getting Back is Part of Getting Better." Developed in cost-sharing partnership with all other WCBs in the Atlantic region and in collaboration with our industry partners who share the same priority to address the number of days lost to injury, the campaign takes a human, personal look at what happens when an injury occurs. It encourages Nova Scotians to think differently about the often critical role safe, healthy work can play in recovery from workplace injury.

Our service and what Nova Scotians are saying

A selection of service-related data and information from our various research surveys

77%
of workers surveyed have an excellent or good opinion of the WCB.

1,000
listeners and counting have downloaded the WorkShift podcast in its first year

63%
of Nova Scotians believe the WCB offers value to the province overall

61%
of employers have a return-to-work program, up 17% since 2008

86%
of Nova Scotians feel health and safety is important in their work

50,000
users of online channels among workers and employers

65%
reduction in printed pages, following WCB's business transformation

84%
of viewers of the new RTW campaign correctly recall the message

The WCB Nova Scotia Annual Report 2022 is available at annualreport.wcb.ns.ca**.**

YEAR AT A GLANCE

Year at a Glance (Dollar amounts in millions unless noted)	**2022**	2021	2020
Number of Covered Employers (Assessed and Self Insured)	20,600	20,500	20,200
Percentage of Labour Force Covered (Assessed and Self Insured)	73	74	74
Number of Claims Registered	20,527	21,283	19,944
Number of Compensable Time-Loss Claims Registered	5,420	5,391	4,977
Duration Index (in days)	168	175	178
Targeted Average Assessment Rate (per $100 of assessable payroll)	$2.65	$2.65	$2.65
Actual Average Assessment Rate	$2.60	$2.60*	$2.68
Assessable Payroll (billions)	$14.0	$12.7	$11.7
Assessment Revenue	$370.9	$342.4	$313.9
Investment (Loss) Income	$(175.3)	$210.3	183.3
Administration Costs	$61.6	$62.6	$60.3
Legislated Obligations	$19.1	$18.5	$16.3
Claims Costs Incurred	$241.1	$233.8	$203.9
Comprehensive (Loss) Income	$(325.7)	$84.4	$136.3
Assets (billions)	$2.3	$2.4	$2.2
Liabilities (billions)	$2.5	$2.3	$2.1
Percentage Funded Ratio	92.9%	106.4%	102.9%
One-year Investment Returns	−7.2%	9.7%	9.4%
Injury Rate: Time-Loss Claims per 100 Covered Workers	1.54	1.58	1.53

*The 2021 Actual Average Assessment Rate has changed from $2.66 reported previously due to an update in the calculation method on a consistent basis with other years.

MESSAGE FROM THE CHAIR AND BOARD OF DIRECTORS

Saeed El-Darahali
Chair, Board of Directors
WCB Nova Scotia

Embracing positivity, seizing opportunities, and creating a brighter future

Every day, many individuals across our beloved province rise with purpose, heading to their workplaces.

They fill diverse roles and engage in various industries, from top-tier leaders to diligent frontline staff. Whether full-time, part-time, casual, or even gig employment, they all understand the profound significance of work. Work is not merely a means to an end, but an integral part of their lives, reflecting their identity.

Today, we witness Nova Scotia in a state of growth, diversification, and constant evolution. This has been the trend for the past number of years, and we anticipate an even swifter pace of change in the years to come.

As the dedicated Board of Directors for the Workers' Compensation Board of Nova Scotia (WCB), we deeply commit to workers, and their employers. We extend our support to those currently protected by workers' compensation and aspire that more may be included in the future. We are committed to the principles of reform and opportunities for system improvement.

We are responsible for fostering a welcoming province where workplaces stand as beacons of safety and where exemplary return-to-work programs set the standard that other regions aspire to emulate. The WCB plays a vital role in this endeavour, and we take immense pride in our contribution. We aim to cultivate a diverse and inclusive work environment where our great workforce can thrive and unleash their full potential. It is a proud mission, upon which we deliver in true collaboration with others – we are deeply grateful for our partnership with the Department of Labour, Skills, and Immigration, with our other WSIS partners, and with so many like-minded organizations across our province.

Each member of our esteemed Board of Directors comprehends the significance of delivering exceptional service. The journey of workers and employers through our system is fundamental. Therefore, we strive for genuine end-to-end efficiency, relentlessly pursuing superior outcomes for those we serve. This understanding has laid the foundation for our new Strategic Plan. As we welcome our new Chief Executive Officer, we stand united, eagerly anticipating the tremendous opportunities ahead as we look toward 2030.

When that milestone arrives, we will stand tall, among the leading jurisdictions in Canada, safeguarding individuals, their families, and workplaces from the harsh impacts of workplace injuries.

Throughout the development of our Strategic Plan, we have listened attentively to workers and to employers, and we recognize the need for lower rates and improved benefits. Our plan, aimed at 2030, is laser-focused on meeting the needs of those we serve. Its objectives are clear, and they unify our commitment like never before. We vow to provide regular updates on our progress as we embark on this remarkable improvement journey.

Anticipating a review of the workers' compensation system, we are well prepared to consider any recommendations that may be provided. Our plan embodies a realistic and measured approach designed to be responsive, actionable, and accountable to the needs of people injured at work, and their employers. It includes a vision toward which we must all work tirelessly – a Nova Scotia where no one dies at work, or because of their work.

Now is the perfect time for our new Strategic Plan. With the arrival of a new CEO to lead the WCB, our Board of Directors brims with unshakable optimism regarding our capacity to serve more working individuals in innovative ways.

As we venture forth on our path to 2030, we eagerly await the transformative impact it will have on our organization, the employers and workers we serve, and the great province of Nova Scotia.

Our path forward would not be possible without the leadership of those who brought us to this point. In particular, I would like to sincerely thank former CEO Stuart MacLean for his tireless work and passion for safety throughout his 36 years of service. He has put us on a trajectory for an exciting future of possibilities.

Every step of the way, we will provide unwavering support, nurturing growth and seizing every opportunity. Together, let us forge a brighter future inspired by the potential that lies within every one of us.

Saeed El-Darahali, ONS, MBA, BSC, CHR

In 2021, Mr. El-Darahali was appointed to the Order of Nova Scotia and in 2022 was inducted as a Paul Harris Fellow.

Board of Directors

Back row, L-R: **Angus Bonnyman**, Employer Representative; **Steve Ashton**, Employer Representative.

Middle row, L-R: **Shelley Rowan**, Interim Chief Executive Officer; **Duncan Williams**, Employer Representative; **Brad Fraser**, Director, Governance and Legal Services; **Stacia Baldwin**, Employer Representative; **Rick Clarke**, Worker Representative.

Front row, L-R: **Janet Hazelton**, Worker Representative; **Saeed El-Darahali**, Chair; **Blair Richards**, Worker Representative; **Jacquie Bramwell**, Worker Representative; **Robert Patzelt**, Deputy Chair.

Luc Erjavec, a respected leader in the Canadian restaurant industry, retired from the Board of Directors after his term ended, in April, 2023. He had served as an employer representative for nearly 10 years, since his appointment in 2014. The Board of Directors thanks Luc for his service to the workers and employers of our province.

Building a better future for all: WCB Nova Scotia's Strategic Plan 2024–2030

In 2023, WCB Nova Scotia will introduce a seven-year strategic plan, currently in development, that will outline a new, exciting pathway from 2024 to 2030.

As we build on our past progress of reducing the impact of workplace injury in our province, we will look to advance opportunities to make system improvements for workers and employers. With the completion of a comprehensive business transformation, there is opportunity to make WCB Nova Scotia among the best in the country at what we do.

MESSAGE FROM THE INTERIM CHIEF EXECUTIVE OFFICER

Reflection on success; focus on service improvement
When I pause to think about this organization and the important role we play in the lives of working Nova Scotians, I think about two key themes – the progress we have made, and the opportunities ahead.

Serving as Interim CEO these several months has provided me with an opportunity to look back at the events that have helped make the WCB the strong and vibrant organization we are today, and to also consider the path forward in our efforts to reduce the impact of workplace injury in our province.

I've had the privilege of working at the WCB for over 25 years in various leadership roles, across a variety of portfolios. When I began my career here, the organization maintained a relatively low public profile, and our employees typically didn't talk about their work with people outside of the organization.

But, over time, we found our voice and invited other like-minded partners to help us build awareness about workplace injury prevention. New conversations emerged, prevention strategies gained traction, ad campaigns were launched, and gradually, behaviours and beliefs began to change. The profile and importance of workplace health and safety grew, as stories both of progress and tragedy were shared through mainstream media and social posts.

WCB Nova Scotia evolved as the needs of workers and workplaces changed. We redesigned our service, modernized our business and supported Nova Scotia workplaces through a global pandemic.

And as a result, there has been continued, significant progress in reducing the toll that workplace injury takes on our province. At the same time, 24 Nova Scotians tragically died at work, or because of their work, in 2022. We renew our shared commitment to ensure everyone in this province returns home safely every day.

We have much to be proud of when we think about the efforts we and our partners have made, and will continue to make, to reduce the human and economic toll that workplace injury takes on Nova Scotians. Those efforts are evolving, as we apply new approaches to support safe and timely return to work, and as we improve the ways we support workers who experience psychological injury, a growing part of our claims mix.

Shelley Rowan
Interim Chief Executive Officer
WCB Nova Scotia

WCB Nova Scotia is changing as the nature of work and the needs of our workforce evolves. We are re-examining our processes and supports for a timely and safe return to work, and exploring opportunities to improve our service to workers and employers.

The fact of the matter is, we need to do more. As of 2021, Nova Scotia ranked 12th in Canada for the length of an average claim due to a workplace injury. Our new seven-year strategic plan, which will chart our course to 2030, will set ambitious goals to help us take our place among the best performers in the country.

Is that an aggressive goal? Yes. Is it achievable? Absolutely.

Because I believe wholeheartedly that our success is rooted firmly in being there for Nova Scotians when they need us most. When we do the right thing to provide service to people at the most vulnerable times in their lives, we can measure our success by theirs.

I am looking forward to the next phase in our journey, guided by our new Strategic Plan and informed by the people we serve, toward a new future for workers' compensation in our province.

Shelley Rowan

Executive Team

Back row, L-R: **Maureen Boyd**, Chief Financial Officer; **Brad Fraser**, Director, Governance and Legal Services; **Shelley Rowan**, Interim Chief Executive Officer.

Front row, L-R: **Dennita Fitzpatrick**, VP, Prevention and Return to Work; **Marcy Dalton**, Associate VP, Strategy and Technology; **Wendy Griffin**, VP, Service Excellence

Retirement: Stuart MacLean

After 36 years of dedicated service to WCB Nova Scotia, and 10 of those as CEO, Stuart MacLean announced his retirement in November 2022. Stuart's passion and commitment to making Nova Scotia a better place to live and work has resulted in the continuous growth of our province's safety culture.

Highlights of Stuart's career include driving an industry-wide movement for safety culture change in the fishing industry, guiding the organization through its business transformation and into financial sustainability, and leading the implementation of the WCB's hybrid work model.

The Board of Directors would like to sincerely thank Stuart for his years of dedication toward a safer Nova Scotia.

MESSAGE FROM THE CLIENT RELATIONS OFFICER

Deanna Harnish
Client Relations Officer
WCB Nova Scotia

In my second year serving as the WCB's Client Relations Officer, it has been my privilege to connect with workers and employers across Nova Scotia, to hear and address their inquiries about the WCB's programs and services.

As Client Relations Officer, I respond to questions and concerns, document and investigate complaints, and seek to resolve issues, working closely with the WCB's service delivery teams. While I bring focus to service issues, it is not within my purview to resolve them, and I therefore engage with service delivery managers to enable action and resolution. I report to the Board of Directors regularly about the volume and nature of inquiries received by my office.

In 2022, the Client Relations Office received 230 inquiries, primarily from MLAs. I also documented and followed up on 103 complaints, most of which were submitted by people injured at work, related to issues of timeliness, communication, and appeals. Upon review, I found 42 of these complaints to be substantiated and seven to be partially substantiated. While the total number of inquiries received was lower again in 2022, the number of complaints is generally consistent with those documented in previous years.

Throughout the year, I had the opportunity to visit with all MLA offices across Nova Scotia, and to meet the dedicated people who serve constituents and help them resolve issues or access needed services. Together, we have established a collaborative approach that is supporting their efforts on behalf of the people we both serve.

I was also pleased to be able to make new connections with the Nova Scotia Human Rights Commission, the Office of the Ombudsman, and with other Fair Practice Officers at WCBs across Canada, to build understanding and to share insights and information about our work.

In the year ahead, I look forward to meeting and working with more of the dedicated people across the Workplace Safety and Insurance System and in Government who help to connect workers and workplaces with tools and resources that are helping more Nova Scotians stay safe, healthy and at work.

Deanna Harnish

Deanna Harnish

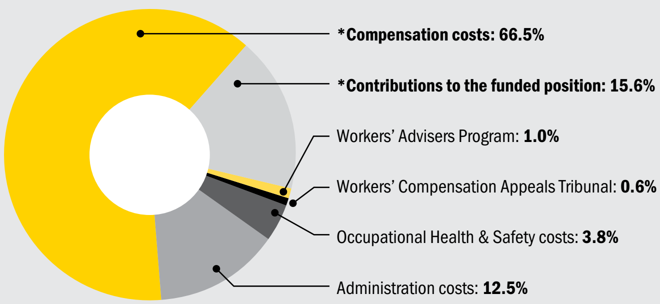
OUR FINANCIAL RESULTS

For detailed financial results please see Management Discussion and Analysis and Financial Statements.

In 2022, our funded position decreased to 92.9, down from the 2021 result of 106.4. This was primarily due to losses on investments and unfavourable actuarial experience adjustments. The 2022 financial results reflect a year of investment market volatility and inflationary pressures. Our overall funding strategy and a well-diversified portfolio are designed to help us balance returns and risks.

Our Costs

WCB Nova Scotia assessment revenue funds the entire workers' compensation system, including the Workers' Advisers Program (WAP), the Workers' Compensation Appeals Tribunal (WCAT), the Occupational Health and Safety Division of the Nova Scotia Department of Labour, Skills and Immigration (LSI), the Office of the Employer Advisor (OEA) and the Office of the Worker Counsellor (OWC).



Breakdown of the 2022 Actual Assessment Dollar
*82.1% of every assessment dollar goes to pay for claims-related costs

Assessable Payroll

Assessable payroll for covered employers in Nova Scotia grew more than expected in 2022 to **$14.0 billion**, due to economic recovery from the pandemic.

Assessment Revenue

Assessment revenue increased by **8.3 per cent** in 2022 to **$370.9 million**.

Investment Income

In 2022, we saw negative investment returns, resulting in a loss of **$175.3 million**, a decline over 2021 income of **$210.3 million**, resulting in a weakened funded position. This is a reflection of the investment market volatility in 2022.

Claim Payments

Claims payments increased in 2022, as we continued to adapt to the changing realities of workplace injury and support workers and employers who experience its impact. Total claim payments for 2022 were **$277.8 million**. The number and cost of new extended earnings replacement benefits was higher than expected.

Assets and Liabilities

In 2022, we saw a decline in our assets and increase in our liabilities, which decreased our funded percentage to **92.9 per cent** by the end of the year (down from 106.4 in 2021).

Further changes to the funded ratio are anticipated in 2023 with the implementation of IFRS 17 which will mark the benefits liabilities to a market rate, creating volatility as markets fluctuate on a short-term basis.

Our long-term investment, diversified portfolio and funding strategies will guide us and create stability over the long-term, withstanding short-term market fluctuations. Assets for 2022 were **$2.34 billion**, and liabilities were **$2.52 billion**.

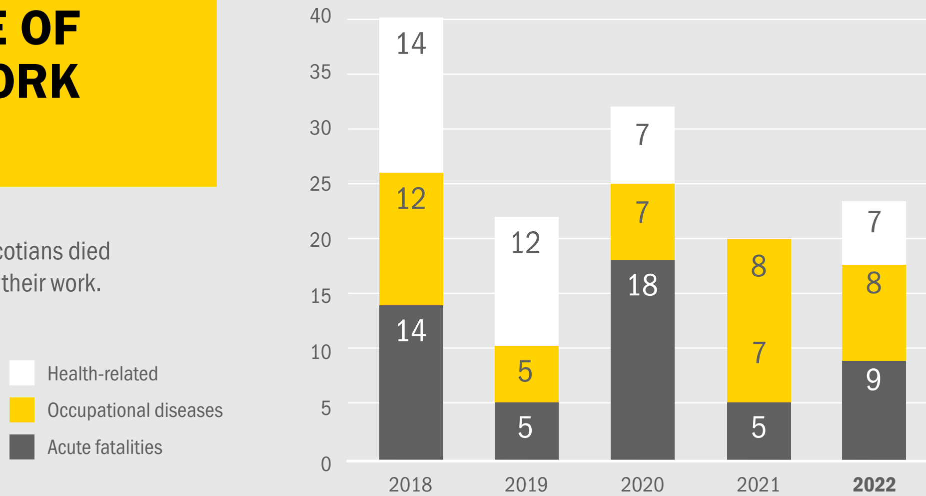
IMPACT OF WORKPLACE INJURY

A selection of data from our *Impact of Workplace Injury Report*, released in May 2023.

NOVA SCOTIANS WHO DIED AT WORK OR BECAUSE OF THEIR WORK IN 2022

ANNUAL TOTAL	2018	2019	2020	2021	**2022**
	40	22	32	20	**24**

In 2022, **24** Nova Scotians died at work or because of their work.



DAYS LOST TO WORKPLACE INJURY

Compared to 2021, nearly **52,000** fewer days were lost to workplace injury in 2022. That's the equivalent of about **200** people working full-time for a whole year.

While Nova Scotia is making progress in improving return-to-work outcomes, there is still work to do.

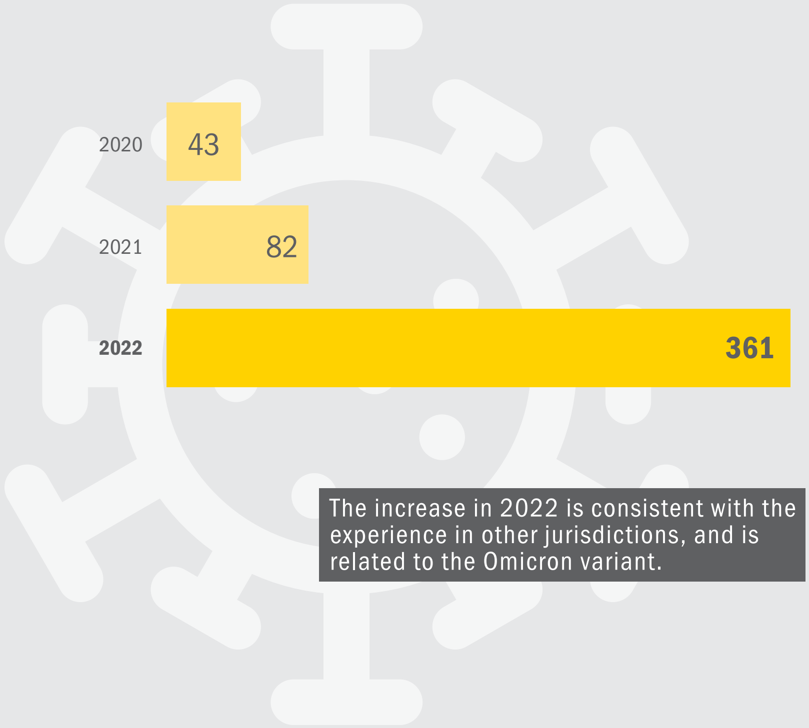
2021 1,078,534

2022 1,026,730

FEWER DAYS LOST TO WORKPLACE INJURY (APPROXIMATELY) **~52,000**

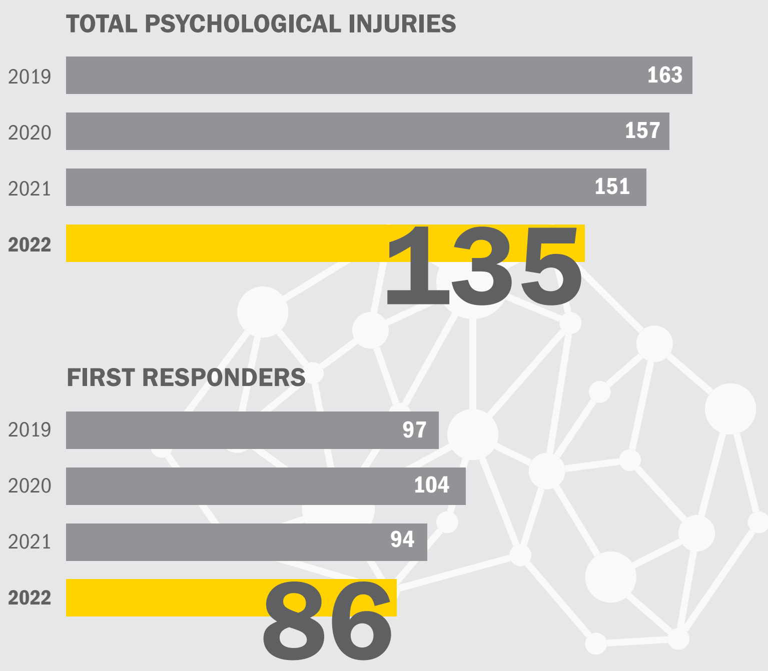
NOVA SCOTIANS WHO CONTRACTED COVID-19 AT WORK IN 2022

In 2022, **361** Nova Scotians contracted COVID-19 during the course of their work, which caused them to lose time from work. These accounted for **6.7%** of all time-loss claims in 2022.



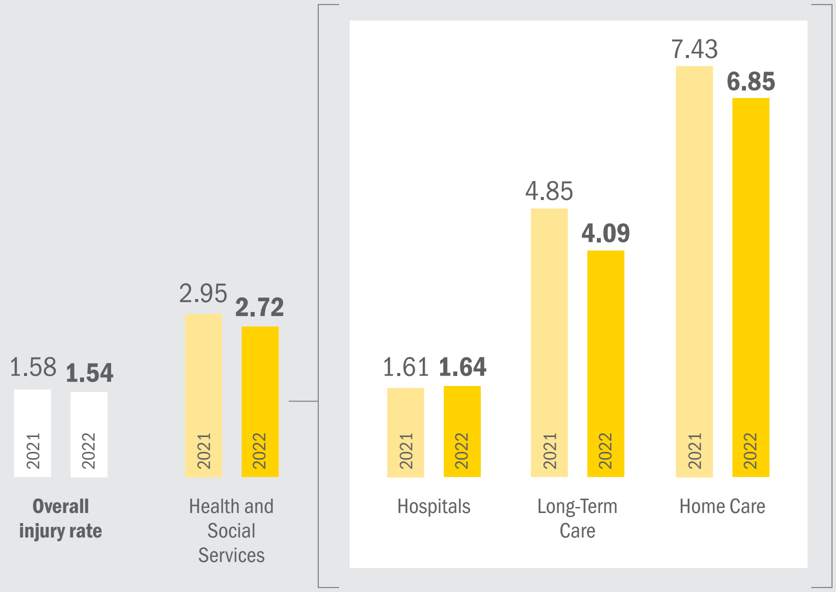
NOVA SCOTIANS WHO EXPERIENCED PSYCHOLOGICAL INJURY DUE TO THEIR WORK

In 2022, **135** Nova Scotians lost time from work due to a psychological injury. Of those, **86** were first responders.



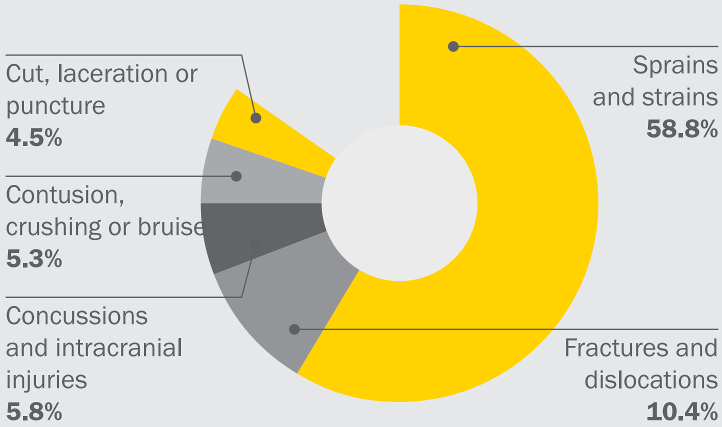
INJURY RATES IN NOVA SCOTIA'S HEALTH AND SOCIAL SERVICES SECTOR

While Health and Social Services continues to have the highest injury rate in the province, the sector has seen sustained progress in both injury frequency and the days lost to workplace injury.



TYPES OF WORKPLACE INJURIES IN NOVA SCOTIA

Sprains and strains are by far the most common type of workplace injury in our province.

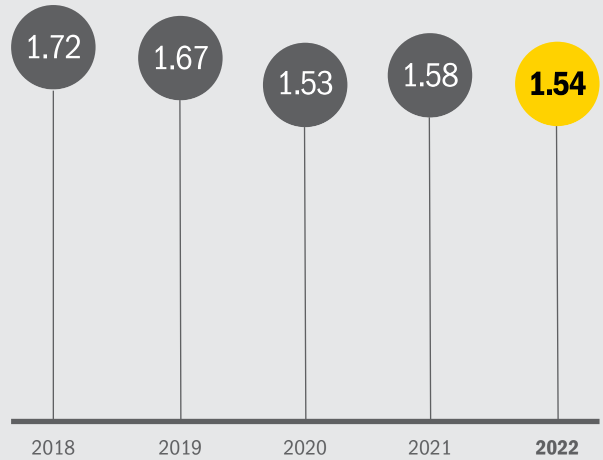


NOVA SCOTIANS INJURED AT WORK IN 2022

5,420 Nova Scotians were injured seriously enough to have a time-loss claim.

1.54

Time-loss injuries per 100 covered workers



STATUS OF NEW CLAIMS

	2020	2021	2022
Compensable Time Loss	4,977	5,391	5,420
Other:			
No Compensable Time Loss	10,445	11,026	10,207
Not Pursued or Disallowed	4,522	4,866	4,900
Other Subtotal	14,967	15,892	15,107
Total	19,944	21,283	20,527
Fatalities[1]	32	20	24
Clients with Registered Claims[2]	18,277	19,483	18,873

[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, Skills and Immigration.

[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 individuals with claims registered does not equal the number of claims registered.

INJURY STATISTICS

INJURY RATE AND CLAIM VOLUMES BY INDUSTRY 2022

	Excluding Self-Insured Claims								Including Self-Insured Claims			
	Assessable Payroll ($ millions)	% of Total Assessable Payroll	Number of Claims Registered	% of Claims Registered	Number of Time-loss Claims	% of Time-loss Claims	Injury Rate	Injury Rate Last Year 2021	Number of Claims Registered	% of Claims Registered	Number of Time-loss Claims	% of Time-loss Claims
Health/Social Services	2,689.2	19.3%	4,520	23.6%	1,585	32.0%	2.72	2.95	4,520	22.0%	1,585	29.2%
Retail Trade	1,684.3	12.1%	1,861	9.7%	433	8.7%	0.91	1.00	1,930	9.4%	456	8.4%
Manufacturing	1,669.8	12.0%	2,673	13.9%	588	11.9%	1.69	1.68	2,673	13.0%	588	10.8%
Construction	1,652.7	11.8%	2,150	11.2%	565	11.4%	1.70	1.52	2,150	10.5%	565	10.4%
Wholesale Trade	1,188.9	8.5%	1,408	7.3%	269	5.4%	0.99	1.01	1,408	6.9%	269	5.0%
Accommodation/Food/ Beverages	818.9	5.9%	993	5.2%	247	5.0%	0.88	0.96	993	4.8%	247	4.6%
Business Services	771.3	5.5%	264	1.4%	70	1.4%	0.33	0.34	264	1.3%	70	1.3%
Transportation/Storage	675.1	4.8%	755	3.9%	260	5.2%	1.95	2.25	759	3.7%	262	4.8%
Government Services	589.1	4.2%	686	3.6%	249	5.0%	2.55	2.13	1,791	8.7%	642	11.8%
Communication/Utilities	526.6	3.8%	626	3.3%	154	3.1%	1.46	1.28	761	3.7%	202	3.7%
Other Services	461.1	3.3%	462	2.4%	118	2.4%	0.90	1.26	462	2.3%	118	2.2%
Educational Services	438.9	3.1%	686	3.6%	212	4.3%	1.75	2.01	686	3.3%	212	3.9%
Fishing/Trapping	346.4	2.5%	226	1.2%	75	1.5%	1.33	1.44	226	1.1%	75	1.4%
Real Estate/ Insurance Agents	169.4	1.2%	160	0.8%	38	0.8%	0.92	1.03	160	0.8%	38	0.7%
Agriculture/ Related Services	100.4	0.7%	139	0.7%	58	1.2%	2.32	2.10	139	0.7%	58	1.1%
Mining/Quarries/Oil Wells	80.1	0.6%	78	0.4%	15	0.3%	1.17	0.78	103	0.5%	15	0.3%
Logging/Forestry	51.8	0.4%	41	0.2%	14	0.3%	1.17	1.32	41	0.2%	14	0.3%
Finance/Insurance	43.7	0.3%	8	0.0%	3	0.1%	0.35	0.25	8	0.0%	3	0.1%
Unknown	0.0	0.0%	1,453	7.6%	1	0.0%	0.00	0.00	1,453	7.1%	1	0.0%
Total	$13,957.8	100.0%	19,189	100.0%	4,954	100.0%			20,527	100.0%	5,420	100.0%

CLAIMS REGISTERED BY FIRM

Number of Claims Registered	Number of Firms	Cumulative % of Total Number of Firms	Number of New Claims Registered	Cumulative % of Total New Claims Registered	Assessable Payroll ($ millions)	Cumulative % of Total Assessable Payroll
200 or more	12	0.06%	5,458	26.59%	2,471.4	17.7%
100 or more	23	0.11%	7,062	34.40%	3,229.8	23.1%
50 or more	38	0.18%	8,120	39.56%	3,587.3	25.7%
25 or more	96	0.47%	10,102	49.21%	4,471.8	32.0%
10 or more	277	1.34%	12,791	62.31%	5,791.9	41.5%
5 or more	588	2.85%	14,802	72.11%	7,000.0	50.2%

INJURY STATISTICS

Statistics are based on compensable time-loss claims

AGE AT INJURY DATE

	2021	%	2022	%
Less than 20	124	2.3%	119	2.2%
20 to 24	478	8.9%	449	8.3%
25 to 29	547	10.1%	550	10.1%
30 to 34	563	10.4%	573	10.6%
35 to 39	524	9.7%	542	10.0%
40 to 44	546	10.1%	552	10.2%
45 to 49	619	11.5%	629	11.6%
50 to 54	659	12.2%	671	12.4%
55 to 59	689	12.8%	646	11.9%
60 to 64	467	8.7%	476	8.8%
65 or older	175	3.2%	213	3.9%
Total	5,391	100.0%	5,420	100.0%

SOURCE OF INJURY

	2021	%	2022	%
Persons, Plants, Animals, and Minerals	2,273	42.2%	2,252	41.5%
Structures and Surfaces	931	17.3%	1,148	21.2%
Containers	478	8.9%	421	7.8%
Parts and Materials	333	6.2%	390	7.2%
Vehicles	352	6.5%	354	6.5%
Tools, Instruments, and Equipment	346	6.4%	292	5.4%
Machinery	226	4.2%	208	3.8%
Furniture and Fixtures	162	3.0%	170	3.1%
Other Sources	258	4.8%	163	3.0%
Chemicals and Chemical Products	32	0.6%	22	0.4%
Total	5,391	100.0%	5,420	100.0%

PART OF BODY

	2021	%	2022	%
Back, including spine, spinal cord	1,347	25.0%	1,199	22.1%
Multiple body parts	456	8.5%	522	9.6%
Body systems	249	4.6%	513	9.5%
Leg(s)	549	10.2%	474	8.7%
Shoulder, including clavicle, scapula	486	9.0%	466	8.6%
All Other	549	10.2%	449	8.3%
Cranial region, including skull	306	5.7%	304	5.6%
Finger(s), fingernail(s)	283	5.2%	286	5.3%
Ankle(s)	250	4.6%	286	5.3%
Arm(s)	220	4.1%	211	3.9%
Wrist(s)	204	3.8%	208	3.8%
Chest, including ribs, internal organs	101	1.9%	131	2.4%
Foot (feet), except toe(s)	136	2.5%	127	2.3%
Multiple trunk locations	99	1.8%	124	2.3%
Hand(s), except finger(s)	156	2.9%	120	2.2%
Total	5,391	100.0%	5,420	100.0%

NATURE OF INJURY

	2021	%	2022	%
Sprains, Strains	3,462	64.2%	3,187	58.8%
All other	362	6.7%	592	10.9%
Fractures, Dislocations	430	8.0%	566	10.4%
Concussions, Intracranial Injuries	300	5.6%	317	5.8%
Contusion, Crushing, Bruise	337	6.3%	286	5.3%
Cut, Laceration, Puncture	266	4.9%	243	4.5%
Inflamed Joint, Tendon, Muscle	83	1.5%	68	1.3%
Other traumatic injuries and disorders	54	1.0%	66	1.2%
Burns	52	1.0%	58	1.1%
Digestive system diseases and disorders	45	0.8%	37	0.7%
Total	5,391	100.0%	5,420	100.0%

INJURY EVENT

	2021	%	2022	%
Bodily Reaction and Exertion	2,826	52.4%	2,418	44.6%
Falls	907	16.8%	1,124	20.7%
Contact with Objects and Equipment	860	16.0%	901	16.6%
Exposure to Harmful Substances or Environments	279	5.2%	524	9.7%
Assaults, Violent Acts and Harassment	234	4.3%	253	4.7%
Transportation Accidents	201	3.7%	171	3.2%
Other Events or Exposures	78	1.4%	28	0.5%
Fires and Explosions	6	0.1%	1	0.0%
Total	5,391	100.0%	5,420	100.0%

MEASURING OUR PERFORMANCE

BALANCED SCORECARD MEASURES

At WCB Nova Scotia, all that we do is driven by our goal to reduce the impact of workplace injury in our province. We do so by supporting employers and workers with injury prevention and return to work. We are also there to support workers and their families over the long-term, and sometimes, tragic impact of serious workplace injury, and fatalities.

Performance Measure	Result 2021	Result 2022	Target 2023	Target 2024
Service				
Worker Satisfaction Index[1]	74%	74%	70%	70%
Employer Satisfaction Index	79%	81%	70%	70%
Operations				
Time-Loss Injuries per 100 Covered Workers: All Industries	1.58	1.54	1.44	1.37–1.44
Time-Loss Injuries per 100 Covered Workers: Long-Term Care	4.85	4.09	4.01	3.86–3.93
Time-Loss Injuries per 100 Covered Workers: Home Care	7.43	6.85	6.72	6.46–6.59
% Return to Work within 180 days: All Industries	80.2%	81.0%	82.7%	83.5%–84.3%
% Return to Work within 180 days: Long-Term Care and Home Care	85.3%	85.5%	87.2%	88.1%–89%
Time-Loss Days Paid per 100 Covered Employees	317	292	266	231–260
Composite Duration Index (in days)	175	168	158	146–153
Return to Employability	89.8%	90.2%	90.9%	91.5%–93.9%
Cost of New EERBs ($M)	$144.4	$168.6	$153.5	$124.45–$152.53
Employee				
WCB Employee Satisfaction Index	72%	72%	70%	70%
Financial				
Claims Payments for the past 3 years per $100 of Assessable Payroll	$0.785	$0.707	$0.650	$0.590–$0.645
Administration costs per $100 of assessable payroll (excluding prevention costs)	$0.42	$0.40	$0.45	$0.45
Return on Investment Five-Year Rate of Return	8.3%	4.6%	EXCEED BENCHMARK PORTFOLIO RETURN	
Five-Year Benchmark Portfolio Return	8.2%	3.7%		

[1] The Worker Satisfaction Index does not include workers on long-term benefits or those with claims with little or no time loss.

Eliminating Stigma. Saving Lives. First Responders' Mental Health Conference

A capacity crowd of 280 attended the First Responders' Mental Health Conference, held September 13 and 14, 2022, at the Westin Nova Scotian Hotel in Halifax.

First responders are four times more likely than the general public to have certain types of mental health disorders (PTSD, anxiety, depression, and substance abuse disorders). That was just one of the eye-opening facts shared at the first-ever First Responders' Mental Health Conference, held September 13 and 14, 2022, at the Westin Nova Scotian Hotel in Halifax.

A capacity crowd of 280 people including first responders, employers, representatives from unions, WCB, and government came together for the event, which featured internationally recognized guest speakers and subject matter experts from within Nova Scotia, across Canada, and from the United States.

Presentations addressed how to build resilience, navigating psychological injury claims, developing peer support programs, and more. Breakout sessions allowed employers and employees to candidly share concerns and experiences with each other. And the comedian and motivational speaker Big Daddy Tazz, the "bi-polar buddha," lightened the mood by finding humour and the positivity in his own mental health experiences.

Attendees praised the event for bringing everyone together on this vital topic and allowing those who have been directly impacted by workplace mental health issues to speak openly about their challenges and triumphs. "It is always good for a first responder's soul to be in the room with other first responders," wrote one attendee, who added, "we all have a different experience, but the role unites us all, and acknowledging mental health is important and impactful."

While everyone agreed that attitudes toward mental health challenges are changing, more still needs to be done to eliminate the stigma.

The conference was organized by the Nova Scotia First Responder Steering Committee, a collaboration of frontline first responders and employers representing the RCMP, Halifax Regional Police (HRP), the HRP Association, Corrections Canada, Emergency Medical Care (EMCi), Nova Scotia Government Employees Union (NSGEU), Halifax Professional Fire Fighters Association, the Nova Scotia Nurses' Union, the Department of Labour, Skills and Immigration, and the WCB. The committee's goal is to eliminate stigma and provide tools and resources that help first responders protect their mental health throughout their careers.

"This conference is the second significant initiative to emerge from our steering committee," says Shelley Rowan, Interim CEO and co-chair of the committee. "The first was the launch of a website (FirstRespondersMentalHealthNS.com) in 2020, which features online workplace mental health tools and resources, such as self-assessments, online counselling, training materials, and mental health apps."

In 2023, the Steering Committee will turn its focus to a new initiative to develop tools and supports that improve communication between first responder supervisors and managers and their employees who are away from the workplace due to a psychological injury.

More and more workplaces, including the WCB, are recognizing that workplace safety goes beyond the physical to include psychological and mental health. In fact, psychological wounds require more time and specialized support to heal than physical injuries.

OUR STORIES

Eliminating Stigma. Saving Lives. First Responders' Mental Health Conference

STRATEGIC SNAPSHOT: INJURY PREVENTION

OUR PROGRESS

- Working with our partners, contributed to reductions in the injury rates in the long-term care, home care and disability support sectors, by supporting the implementation of workplace safety initiatives.
- Introduced the Healthy Workplaces social marketing campaign and delivered new webinars to hundreds of employers.
- Delivered a major conference on first responders' mental health in partnership with the Department of Labour, Skills and Immigration, attended by 280 people representing first responders, employers, union representatives, mental health service providers, WCB employees and government.
- Continued to support building better safety awareness in the fishing sector through radio ads, targeted email outreach, and our ongoing partnership with Fish Safe Nova Scotia.
- Continued our weather-specific ad campaigns for fishing safety and for slips, trips, and falls , programmed to run whenever bad weather was forecast.
- Marked the 30th Anniversary of the Westray Mine Disaster and shared a new Day of Mourning video about the loss of miner Glenn Martin.
- Produced a new podcast, *WorkShift*, which focuses on leadership insights, and featured conversations with Nova Scotia safety leaders.

OUR PLANS

- Continue to provide leadership and support for ongoing work to achieve better outcomes in our long-term care, home care, and disability support sectors, with a focus on implementing improved injury prevention and safe and timely return-to-work approaches across the province.
- Deliver new injury prevention initiatives, including an update of the WCB Safety Certified Audit Program, and explore the expansion of the Practice Incentive Rebate.
- Alongside our partners at Nova Scotia Labour, Skills and Immigration, help define a Psychological Injury Strategic Framework with a focus on psychologically healthy workplace programming.
- Continue supporting the fishing sector in the achievement of safer outcomes.
- Reach out and share vital safety messages with more Nova Scotian workplaces through targeted digital approaches, including e-marketing.
- Continue important health and safety conversations with leaders through the *WorkShift* podcast and welcome our new permanent CEO as host.
- Continue to facilitate the work of the First Responders' Mental Health Steering Committee and its efforts to help workers injured on the job stay connected to the workplace during their recovery.
- Provide support for events, initiatives and organizations that build a stronger culture of safety across our province.

OUR STORIES

In it for the Long Haul: New Return-to-Work Collaboration Leads to Trucking Initiative Success

An initiative in the trucking sector aims to keep workers who have been injured connected to their industry. (Photo courtesy of the Nova Scotia Trucking Safety Association.)

There is an exciting new sector-wide program to help truckers who have been injured on the job stay connected with their industry. The initiative places or re-trains them in other jobs temporarily, that enable them to do meaningful work as they recover.

Jobs can include becoming a dispatch warehouse worker, a forklift operator, or even an office worker. In some cases, if the employee cannot return to driving, the new duties may be made permanent.

As Kelly Johnston-Noseworthy, WCB Relationship Manager, and Jana Fleming-Pretty, Adjudicator, explain, the idea for the program came from industry itself. “The Nova Scotia Trucking Safety Association and the Nova Scotia Trucking Human Resource Sector Council collaborated on this idea,” says Jana. “The industry was struggling with retention and recruitment. They needed to find a way to keep their experienced people working in the industry.”

“That brought them to us. They partnered with WCB Nova Scotia for support on a return-to-work initiative, and once we developed the idea for the program, we did a series of road shows around the province to meet with employers and get them engaged,” says Kelly.

The initiative, which is barely a year old, is still evolving. Under the current process, the Nova Scotia Trucking Sector Council does a skills assessment to identify what additional skills a worker who is injured may need to move into a transitional position. Then the Sector Council provides that training for free.

The program offers a win-win for everyone. Employers get to keep an experienced employee connected with their industry and see their claims costs reduced. They also get to explore an employee’s full potential, which may offer much more than driving.

And employees continue to benefit socially, financially, professionally, and emotionally from staying connected to the people and work they know best.

“There’s a real human component to this,” says Jana. “I had a worker join the program and he was so appreciative because it gave him a purpose to get up every day, log in to his training, and learn something new. He felt like he was contributing, doing something meaningful that benefits the employer and himself. He feels like his employer supports and appreciates him even more now.”

Early results are promising. “I am happy to report that with the help of this partnership, we were able to give employees skills that would allow them to return to work in transitional assignments, all because of the resources, upgrading and training this partnership provided,” says Monica Thomsen, Executive Director, Nova Scotia Trucking Safety Association. “We have successfully collaborated with the employees and companies to find transitional duties, and we are extremely pleased with the success stories.”

Kelly Henderson, Executive Director, Trucking Human Resource Sector Council Atlantic adds, “This partnership is advancing opportunities for those who want to remain working in the trucking industry.”

With the structure and supports in place, internally and externally, the model for this kind of partnership and cooperation could expand beyond the trucking industry.

Kelly Johnston-Noseworthy is enthusiastic about the potential. “There is an opportunity to extend this approach to other sectors. That’s the goal,” she says. “This could be the wave of the future.”

OUR STORIES

In it for the Long Haul: New Return-to-Work Collaboration Leads to Trucking Initiative Success

STRATEGIC SNAPSHOT: RETURN TO WORK

OUR PROGRESS

- Developed a new return-to-work social marketing campaign called “Getting Back is Part of Getting Better”, in partnership with WCBs in the other Atlantic provinces.
- Launched a pilot program with Construction Safety Nova Scotia to create a job-sharing pool as part of a new industry-led approach to return to work.
- Launched a pilot program with Nova Scotia Works in Halifax and Sydney that will help remove return-to-work barriers.
- Refreshed return-to-work training materials for case workers and service providers, to promote alignment between roles and achieve better outcomes for workers.
- Improved our Working to Well website, adding new case worker videos that address common questions workers may have about their return-to-work journey.
- Developed employer-specific webinars, attended online and viewed afterward by hundreds of employers from across the province.
- Contributed a regular column to Doctors Nova Scotia’s quarterly magazine from WCB’s Chief Medical Officer, Dr. Manoj Vohra.
- Successfully supported 500 people injured at work through completion of the WCB’s Traumatic Psychological Injury program. Early results show that successful returns to work are improving.
- Completed return-to-work refresher sessions for our service delivery teams, physiotherapists and chiropractors, to provide a common foundation for supporting better outcomes.

OUR PLANS

- Implement new processes that will enable case workers to intervene and introduce return-to-work supports at the beginning of a claim, to help improve outcomes, reduce claim durations and minimize the likelihood that a claim will require long-term earnings replacement support.
- Develop new return-to-work online support materials for employees and tiered service providers.
- Create new and updated “Getting Back is Part of Getting Better” campaign content, tools and resources, in partnership with Atlantic colleagues to continually evolve the Working to Well program, including materials that support better safety decisions in the workplace.
- Explore opportunities with various sectors to advance new approaches to safe and timely return to work.

OUR STORIES

Landing the Big One: Providing Service that Makes a Difference

The Arctic Endurance is a fishing trawler in Clearwater's fleet. (Photo courtesy of Clearwater Seafoods LP)

Fishing isn't just a profession, it's a way of life – a culture unto itself.

And historically, that unique culture has made it difficult to find transitional, return-to-work duties on land for fishers who are injured while at sea.

As Kyle Smith, WCB Adjudicator, and Kathy Cormier, Case Manager, with the Wholesale-Utility Integrated Service Team (WHLU-IST) have learned, finding transferrable skills for fishers is a challenge: The work they do on a boat is very specific to fishing, and highly manual. Another challenge is fighting the disdain fishers often have for working on land. They love being out at sea with their crew.

Kyle and Kathy have been working as a team with Clearwater Seafoods for years, trying to develop a program to keep workers who have been injured at sea connected to the workplace and each other while they recover.

Until recently they had little success, but in 2022, they landed the big one: A return-to-work program with transitional duties that work for both the fishers and Clearwater.

"Fishing vessels need maintenance," explains Kyle, "and that often happens on land, in dry dock. Fishers have the right expertise to help get a boat ready to go back to sea."

Now, instead of watching the vessel sail out to sea while they recover, the fishers are doing safe, meaningful work still related to their industry. The work keeps them connected to their employer and coworkers and returns them to full-scale pay. The program even mimics their at-sea rotational schedule of a few days on followed by the same number of days off.

Kyle and Kathy give credit for the program's success so far to Clearwater and the health services provider, Lifemark Bridgewater. "We all came together with a common purpose," says Kathy, "to help fishers stay connected to the workplace and doing meaningful work within the sector as they recover."

Kari Veinott, Kinesiologist, says she and her team at Lifemark made it their business to get to know the fishing industry inside and out so they could prepare fishers for a safe return to work either on the boat or on land.

"I've gone out on the boats," says Kari. "The fishers know I understand their work."

"We also do marine medicals here," continues Kari. "I see the testing they go through to be cleared by Transport Canada to go out to sea. All of that helps me provide very targeted support for a successful recovery."

Kyle also credits Clearwater for embracing a change like this so quickly. "For a company this size to help come up with the idea for this program, and then implement it right away is impressive. It's good for the company because it will save them money in the long run. But it's also great for the employees."

Kathy echoes that. "Clearwater has been very pleased with the program. Having these valued workers back to work is so important because the work needs to be done, and who knows it better than the fishers themselves?"

"This is a perfect example of why relationships matter," says Jason Slaunwhite, former Manager, WHLU-IST. "This is why we work so hard to forge relationships with employers, our service providers, and the workers we're all trying to help. Transitional duties are part of best practice in return to work. Sometimes employers struggle with identifying those duties, but in this case, a team effort paid off."

OUR STORIES

Landing the Big One: Providing Service that Makes a Difference

STRATEGIC SNAPSHOT: OUR PEOPLE AND THEIR SERVICE

OUR PROGRESS

- Implemented a hybrid workplace for our employees, supported by technology, and introduced appointment-based service for those we serve.
- Mitigated operational risks by investing in technology solutions and training to protect the WCB's security infrastructure against cyber threats, including enhanced disaster recovery capabilities in the event of natural or cyber disruptions.
- Hired a Diversity and Inclusion Advisor as part of the WCB's commitment to building a more diverse and inclusive workplace.
- Integrated online mental health supports like Cognitive Behaviour Therapy (CBT) into Tiered Services Program offerings to enable improved return-to-work outcomes.
- Implemented the expansion of presumptive cancer coverage for Nova Scotia's firefighters.
- Worked with the Office of Regulatory Affairs and Service Effectiveness (ORASE) to identify opportunities to reduce the administrative burden on the physicians who treat workers who are injured on the job.

OUR PLANS

- Welcome a new CEO to lead WCB Nova Scotia as we embark on a new strategic plan, keeping Nova Scotians safe and secure from workplace injury.
- Seek input from the people we serve, to inform our new strategic plan priorities.
- Continue preparations for the possible compensability of gradual onset stress.
- Apply updates to our core systems to support our people and our service.
- Continue our diversity and inclusion journey as we build a workplace that employees are proud to be part of, and where they feel valued and appreciated.
- Ensure our employees have the knowledge and tools to support our most vulnerable populations of workers who are injured on the job.
- Improve the way we prepare new WCB employees to serve workers and employers.
- Improve the Physician's Report (Form 8/10) to make it easier and faster for physicians to complete.

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.

Shelley Rowan
Interim Chief Executive Officer

Maureen Boyd, 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 of Nova Scotia (WCB). The discussion and analysis should be read in conjunction with the audited financial statements and supporting notes. This MD&A and the accompanying financial statements reflect amounts based on the facts and circumstances at the reporting date.

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 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 workforce 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 declined in 2022, with a comprehensive loss resulting in the Accident Fund decreasing to 92.9 per cent funded from 106.4 per cent in 2021. The decline in financial position is primarily attributed to losses on investments and unfavourable actuarial experience adjustments. This was not unexpected in the backdrop of 2022 being a year of investment market volatility and inflationary pressures.

Wide fluctuations in investment returns demonstrates how results can vary over a short period of time and the impact this can have on the funded position. 2022 also serves as a reminder that shocks to the system occur as the WCB makes progress toward the strategic priority of funding our future. The following could impact future financial results: financial markets and inflation uncertainty; impacts of claims and in particular related to presumptive Post Traumatic Stress Disorder (PTSD) legislation, and economic pressures.

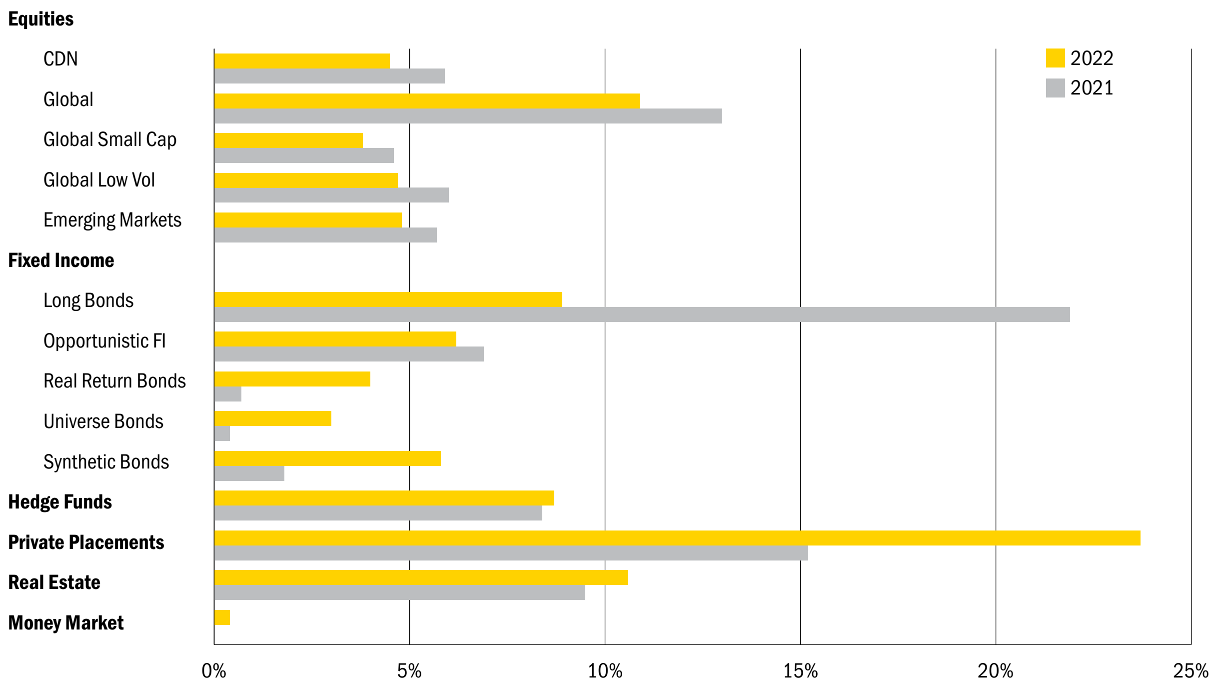
Overall, the majority of the corporate balanced scorecard performance measures were met in 2022 and demonstrated progress in operational outcomes. Of note, the injury rate target was met and improved to 1.54 time-loss claims per 100 covered workers.

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 of fund managers' arrangement with Mercer Global Investments Canada Limited (MGI). 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 2021, target allocations have changed as detailed in the graph.

BENCHMARK PORTFOLIO STRUCTURE



As set in a multi-year plan, the WCB continues to transition funds into alternative investments through limited partnerships. 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. During 2022, the WCB entered into additional limited partnerships to commit a further $467 million CAD. Contributions to these funds commenced in 2022 and will continue with future funding calls.

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. A glide path to reduce the hedging strategy is in place reducing the portion hedged gradually, and currency hedging will end completely when the Canadian dollar reaches $0.85 USD.

Capital Markets Review

Overall, 2022 proved to be a historically volatile year amid uncertainties, including rising interest rates, higher-than-expected inflation, global supply chain issues, monetary policies, and the war in Ukraine.

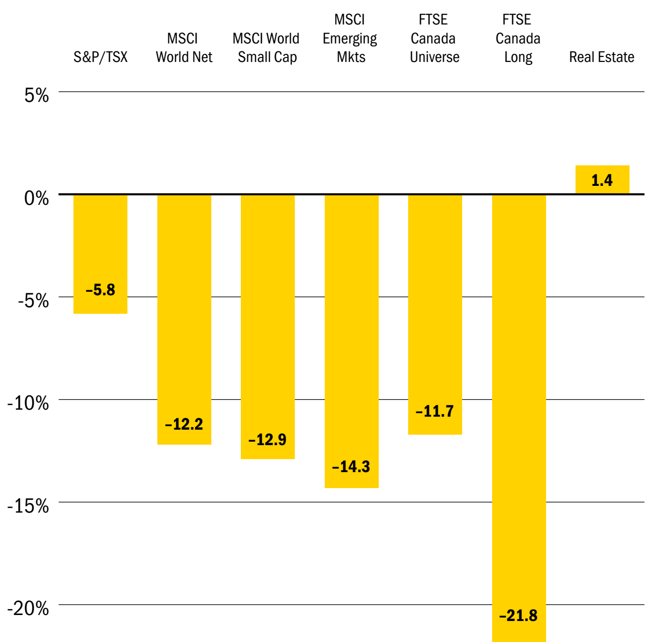
Inflation surged around the globe and central banks raised interest rates aimed to temper inflation.

Although Canadian equities could not avoid the losses seen globally, they did rank amongst the top-performing equity indices. Global equities took a hit from rising interest rates and the ripple effects of inflation led to a sharp selloff in fixed income, with Canadian and global bonds recording loses.

The fund's 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 4.6 per cent exceeded the 3.7 per cent benchmark and therefore the objective was met. The absolute return was below 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. The WCB maintains an investment portfolio diversified among a variety of asset classes and fund managers in order to optimize returns and manage risk.

2022 FINANCIAL MARKET RETURNS
(percentage)



BENEFITS LIABILITIES

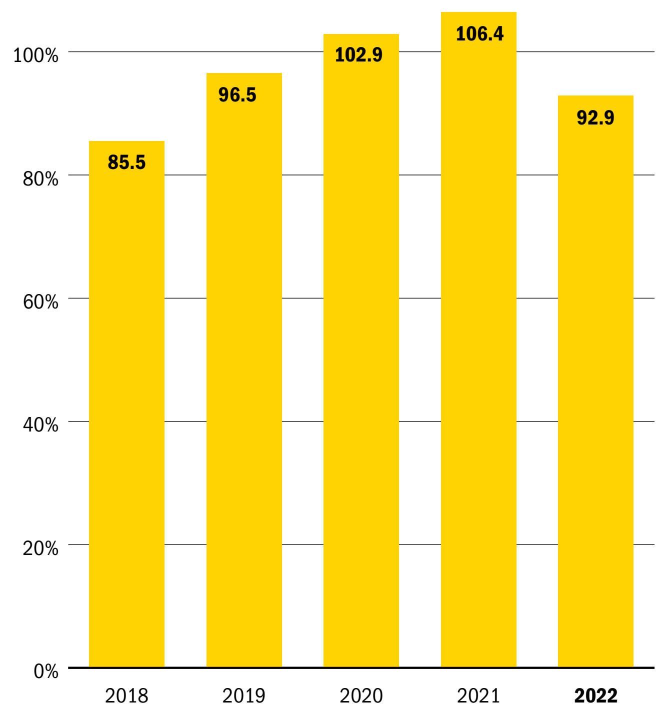
The WCB's benefits liabilities represent the actuarial present value at December 31, 2022 of all expected benefit payments that will be made in future years, which relate to claims arising from events that occurred on or before that date. The benefits liabilities represents the best estimate of the payments that would be required if these liabilities were settled in cash on December 31, 2022.

The benefits liabilities increased by $237.6 million or 10.8 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 the benefits liabilities, legislated change, change in assumptions and actuarial experience adjustments including an adjustment for the change in liability for latent occupational disease.

FUNDED POSITION

The WCB's assets total $2.34 billion and liabilities total $2.52 billion. The WCB's funded percentage decreased to 92.9 per cent. The WCB maintains a focus on long-term financial stability and sustainability of the workers' compensation system.

FUNDED PERCENTAGE
For Nova Scotia, 2018–2022



STATEMENT OF Comprehensive Income

In 2022, total revenues of $265.2 million ($370.9 million in assessment revenues, plus $69.6 million in contributions from the Province of Nova Scotia, less $175.3 million in investment loss) less total expenditures of $599.3 million and add the gain on the re-measurement of post-employment benefit liabilities of $8.3 million yielded a total comprehensive loss of $325.7 million.

The operating results for 2022 and 2021 may be attributed to the following factors:

($000's)	2022	2021
Assessment revenue in excess of current year costs	$48.2	$26.4
Investment income (below) above liability requirements	(284.2)	107.8
Actuarial liabilities (more than) less than previously anticipated	(98.0)	(60.2)
Other comprehensive income from actuarial gains on post-employment benefits	8.3	10.4
Total comprehensive (loss) income	$(325.7)	$84.4

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 from insured firms increased $28.5 million (8.5 per cent) from 2021. Revenue estimates include remittances received and collected in the following year. In 2022, the payroll base increased, reflecting an increase in the maximum assessable earnings, inflationary increases in wages, and an increase in the insured workforce, as general economic activity and businesses opened more broadly than in 2021.

The actual average assessment rate per $100 of assessable payroll, net of conditional surcharge refunds and practice incentive rebates, was $2.60 – the same as the revised 2021 average rate revised from $2.66. The rate is calculated on a consistent basis with prior and current years. The fact that the actual rate for both years is below target of $2.65 indicates that the mix of payroll amounts submitted by employers in high-rate industries and those submitted by employers in low-rate industries was different than anticipated.

The lower rated industries made up a greater proportion of payroll than that projected during rate setting for 2021 and 2022. This shift in the industry mix occurred through an exceptional period of time of a global pandemic. A portion of the change was due to a notable increase in maximum assessable earnings impacting lower rated industries. The last two years demonstrate how relatively small shifts in payroll between the assumed and the actual distribution of payroll can move the average rate relatively significantly.

The 2022 self-insured administration fees were $7.8 million. Administration fees are calculated based on 2021 claims payments and administration costs.

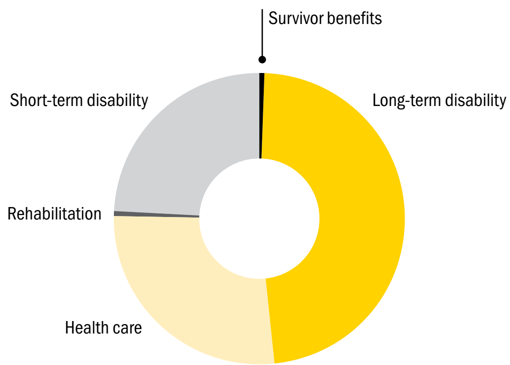
INVESTMENT INCOME

Investment income is derived from the investment portfolio managed by external investment managers. Total investment loss was $175.3 million for 2022, a decrease of $385.6 million (183.4 per cent) from the 2021 income of $210.3 million. The reflects an absolute investment return on the externally managed portfolio of negative 7.2 per cent and reflects the investment market volatility in 2022. The 2021 return was 9.7 per cent. 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 2022. These estimates take into account claims reported and paid, unreported claims and claims that are reported but as yet unpaid. The liabilities include provisions for both the future cost of administration of claims that occurred prior to December 31, 2022; and for exposures that will result in future occupational disease claims beyond December 31, 2022. The liability does not include an allowance for any changes to present policies and practices, or for the extension of new coverage types.

TOTAL CLAIMS COSTS INCURRED
(in thousands)



	2022		2021	
Survivor benefits	1,751	0.7%	1,347	0.6%
Long-term disability	115,573	47.9%	108,395	46.4%
Health care	64,620	26.8%	66,064	28.3%
Rehabilitation	713	0.3%	767	0.3%
Short-term disability	58,402	24.2%	57,215	24.5%

Claims costs incurred increased in aggregate by $7.3 million (3.1 per cent) from 2021. This is primarily due to an increase in long-term disability of $7.2 million (6.6 per cent) and is mainly the result of higher than historical average Extended Earnings Replacement Benefit (EERB) awards. The few years leading up to and including 2022 presented challenges in processing EERB awards. The backlog resulted from a number of factors: work slowed during the transition and implementation of a new claims processing system; COVID-19 created service access delays and challenges with return-to-work opportunities; and new PTSD legislation increased claims volumes.

With the focused effort on resolving older EERBs, there is an expectation EERB volumes in future years will trend back down to levels expected in our valuation. The increased cost is also attributed to wage and inflation pressures which saw an increase in the average value of an EERB award.

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

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 2022, this amount was $109.0 million or about 5.20 per cent of the opening benefits liabilities, prior to adjustment for occupational disease in the latency period. 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 5.50 per cent (5.25 in 2021) annually.

Actuarial experience adjustments represent the difference between what was predicted based on the actuarial assumptions and methods used in the prior valuation years, and what actually occurred in the year. In 2022, the volume and average cost (due to inflation and higher wages) of new EERBs were higher than expected in the actuarial assumptions.

The projected increased cash flow resulting from higher earnings and volumes along with other factors such as mortality experience, future claims administration costs, and other non-specified actuarial adjustments, combined to produce an unfavourable adjustment of $75.8 million. This was partially offset by a favourable adjustment of $35.1 million from a 0.25 per cent increase in the discount rate.

Additionally, the provision for future long-latency occupational diseases increased $126.9 million based on an updated actuarial study. Considered in this adjustment is an estimate for the expanded coverage of presumptive cancers in firefighters to include an additional 13 cancers and heart attacks that occur within 24 hours of a call and an equal amount was reimbursed by the Province of Nova Scotia.

ADMINISTRATIVE COSTS

Administrative expenditures in 2022 totaled $61.6 million, a decrease of $1.0 million or 1.7 per cent from 2021. This is primarily due to favourable adjustments on other than pensions expenses and planned savings during the year.

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, Skills and Immigration, 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.

STATEMENT OF Cash Flows

Cash increased in 2022 as cash generated through assessment premiums was more than benefit payments and operations and timing of a larger payment post year end.

Funding Strategy

The WCB's funding strategy considers assumptions about revenue from the covered workforce payroll base, operational results and investment returns. The WCB collects premiums from employers to pay the benefits resulting from workplace injuries that occurred in the year. Additionally, the WCB must maintain sufficient invested assets to cover the obligations for benefits awarded in the past.

In 2022, the invested assets are less than total liabilities. The 2023 funding strategy included an estimated total comprehensive loss for 2022 of $137.0 million. The actual total comprehensive loss for 2022 is $325.7 million, reducing the WCB's funded ratio to 92.9 per cent. As witnessed in 2022, changes in investment returns and actuarial experience create volatility in our funded ratio.

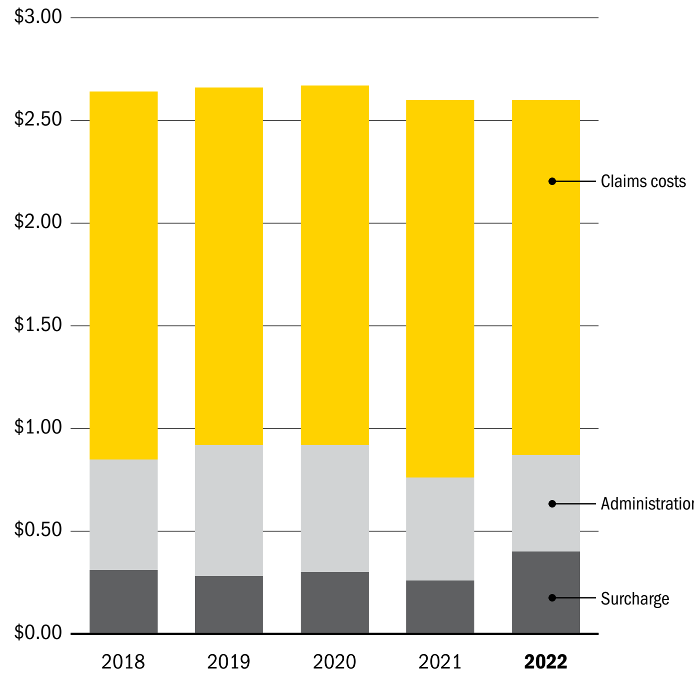
Each year, premiums are collected from employers based on a targeted average rate of $2.65 per $100 of assessable payroll. The actual average assessment rate will vary from the target rate when the mix of payroll among high and low rated employers is different than expected. As noted in the revenue discussion, in 2021 and 2022 the proportion of lower rated payroll was higher than expected resulting in an average rate of $2.60 for these years.

In 2022, the portion of the $2.60 actual average rate required to fund injuries that occurred in the year was $1.73, with administration and legislated obligations costs requiring $0.47, and lower than previous years due to a favourable adjustment in other than pension benefits. The remaining $0.40 was excess contributions.

A key component of the funding strategy is the return on invested assets. Investments delivered a negative 7.2 per cent return in 2022. This was below the forecasted return for 2022 of 0 per cent in the backdrop of declining investment markets. Cumulative returns have been positive in recent years with the exception of a setback in 2018. The annualized 10-year return as of December 2022 was 5.7 per cent, and below the long-term investment assumption of 6.0 per cent.

BREAKDOWN OF AVERAGE RATE

For Nova Scotia, 2018–2022

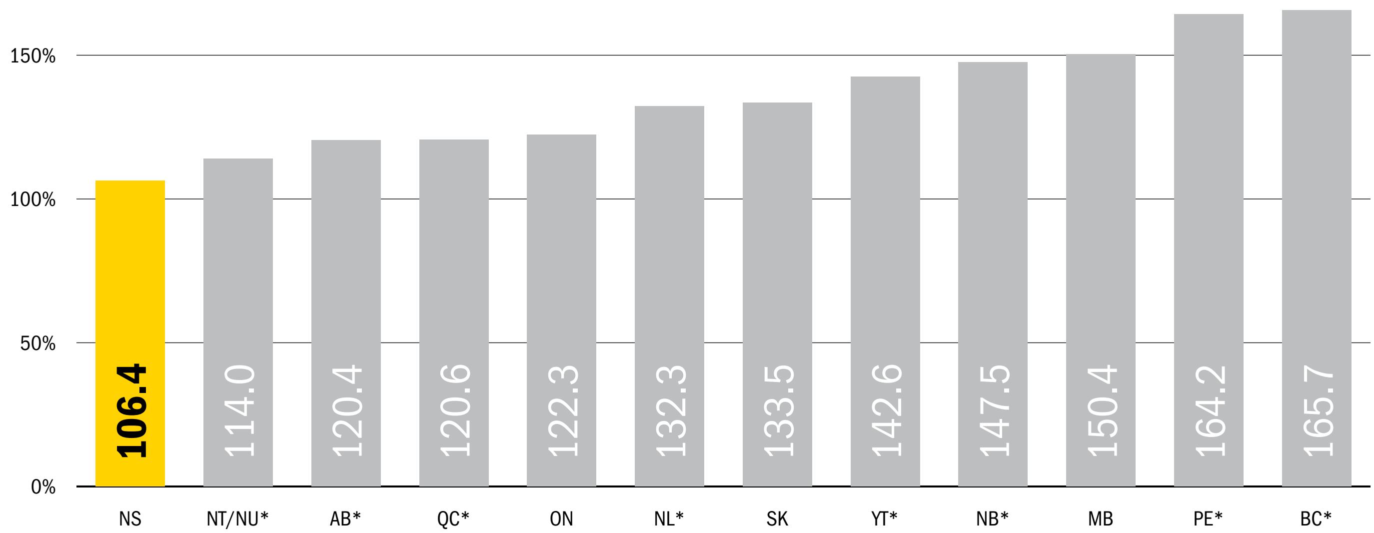


Financial progress over the past several years has been encouraging, although there are many factors that can influence the funding strategy. All of the assumptions are based on long-term expectations. By nature, annual investment returns are unpredictable and we expect that short-term results will vary from the long-term expectations. Revenue from the covered workforce is dependent on economic activity and the size of the covered workforce and claims experience can vary. 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.

The 2022 results, and the expected outcomes of our new strategic plan will be incorporated when the Board completes its annual planning process in June of 2023.

FUNDED PERCENTAGE

All Provinces, 2021 (AWCBC)



* These jurisdictions cover more than 90 per cent of the workforce, while the remaining jurisdictions cover less than 80 per cent. Compared to jurisdictions like Nova Scotia who cover fewer and higher-risk industries, covering more of the workforce is one factor that can lead to a more sustainable funding environment. WCB Nova Scotia is pleased to have achieved financial sustainability, after decades of significant imbalance between assets and liabilities.

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 cyber and technology risk are all considerations that can affect the WCB's performance and financial results.

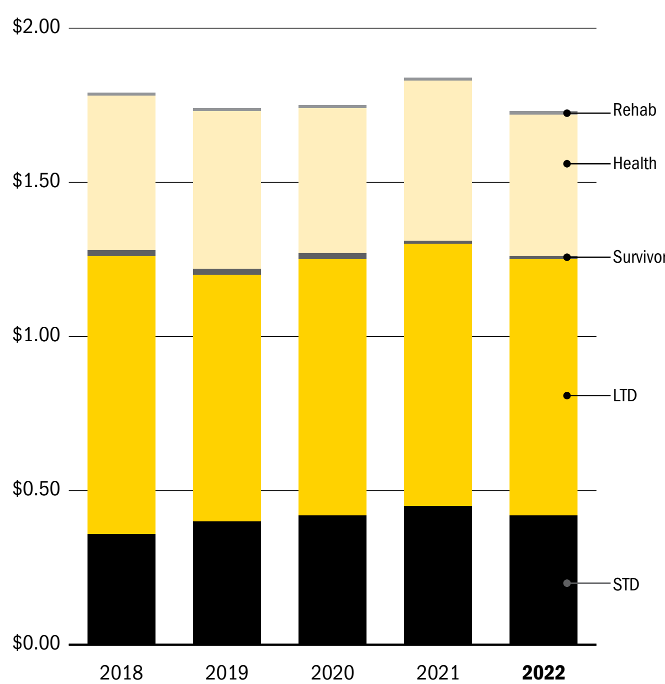
BENEFIT COSTS

Long-term disability is the largest component of benefit costs. The WCB strives for continuous improvement in outcomes for workers through prevention and return to work. Our strategic plan looks to improve return-to-work outcomes while maintaining a steady reduction in the volume of injuries occurring in workplaces across the province. Reductions in injuries and improving return-to-work outcomes require employers, workers, and health care providers to work together in fostering safe and timely return to work.

Return-to-work opportunities and access to services did improve in 2022 as the economy continued to recover from the global pandemic. The upward trend in the volume of complex claims due to traumatic psychological injuries stabilized in 2022. These claims have longer durations and tend to be more complex for case workers managing these claims.

BENEFIT COSTS PER $100 OF ASSESSABLE PAYROLL

For Nova Scotia, 2018–2022



INJURY RATE

The injury rate is one of the most significant drivers of benefit costs, and a key strategic focus. At the end of 2022, the injury rate was 1.54 time-loss claims per 100 covered workers, down from 1.58 in 2021. Excluding the impact of 361 COVID-19 claims accepted in 2022, the injury rate would have been 1.44.

As of December 31, 2022, there were 399 fewer time-loss injuries than in 2018. This reflects a 7 per cent decrease over the five-year period.

Increases in long-term disability costs are expected to continue in 2023 as we continue to award a higher number of long-term awards than traditional patterns. As volumes decrease and complex claims are resolved, we expect the number of new long-term awards to begin a downward trend beginning in 2024.

CLAIM DURATIONS

In Nova Scotia, people injured at work stay on short-term benefits longer than in many other provinces and a higher proportion of workers go on to receive long-term benefits. The WCB is beginning to introduce early intervention and new return-to-work approaches designed to help workers safely return to work more quickly, thereby reducing claims costs incurred over time resulting in reducing 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. There is a focus to improve outcomes for people injured at work, and reduce the human and financial cost of workplace injuries in Nova Scotia. Progress has been slow as the nature and mix of injuries has changed over time. Following an improvement in 2021, further progress was made in 2022 with time-loss days per 100 covered workers decreasing from 317 days in 2021 to 292 days in 2022. Additionally, the percentage of time-loss claims resolved within 180 days of injury increased from 80 per cent in 2021 to 81 per cent in 2022 led by improvements in the Long-Term Care and Home Care sectors.

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.

ECONOMIC CONDITIONS

Throughout 2022, lingering impacts from the COVID-19 pandemic, compounded by the war in Ukraine and inflationary pressures, fed volatility in the financial markets. Future economic uncertainty could impact the economic growth in the province, increase inflationary pressure on the system and the financial market conditions may be volatile related to world economies and conditions. The WCB has the ability to continue as a going concern. This has been tested with the pandemic, and in the past with the addition of chronic pain benefits and the investment market volatility of 2008.

FRAUD

The WCB provides workplace injury insurance to about 20,600 employers and about 352,000 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, integrity checks and reconciliations; implements internal controls including cyber security, 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, having disaster recovery plans and policies for information management, and enterprise architecture purposes.

Critical Accounting Policies and Estimates

The WCB follows International Financial Reporting Standards (IFRS). IFRS requires that management make assumptions and estimates. Financial statement Note 3 "Significant Accounting Policies" and Note 4 "Accounting 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 values of the investments held. These changes in fair value are recorded directly in income in the period the changes occur. This adds to the volatility of reported investment income from year to year.

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.

One of the most significant future changes is the move to market-based interest rates used to discount the future cash flows of the benefits liabilities (IFRS-17) and this is effective January 1, 2023. The new standard does not change our business, the WCB is providing the same service. The methodology used to develop the financial statement results will change and separates presentation of insurance from other parts of operations.

Under IFRS 17, the discount rate will be based on prevailing market rates, which will likely result in significantly more volatility in the measurement of insurance contract liabilities and therefore insurance results due to the underlying market conditions. With the adoption of IFRS 17, it is anticipated there will be a significant impact to opening liabilities in 2022 (measured using the market rate) and less impact for opening liabilities 2023 due to unprecedented increases in interest rates in 2022. At the end of 2022, a market based discount rate would have decreased the funded ratio from 92.9 per cent to about 91.5 per cent. A sensitivity analysis relating to insurance risk is included in Note 11 of the financial statements. Basically, the funded position under going concern represents the financial position over the long term and links to the expected rate of return on investments of the Accident Fund. The market-based funded position looks to shorter term return expectations should the WCB cease operations at the reporting date. Management is continuing to quantify the impact of the opening financial statement adjustment for 2022 and 2023.

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 perspectives.

In line with the strategic priority of funding our future, the funding strategy assumes a growing economy, long-term investment return expectations across a diversified portfolio and stabilized claims costs for a financially sustainable system. The funding strategy will continue to utilize the going concern assumption for the purpose of future decisions and planning, such as operational forecasting, and employer rate setting, linking to a longer term expected return on investments.

Within the funding strategy, when the financial results are different than planned, better or worse, on an annual basis there are possible courses of action: adjust rates paid by employers, adjust benefits to workers, and increase or decrease the time period of the current year impact. In the past, to a large extent, the funding period has been decreased or increased to absorb variations between future-based financial projections and actual results. As the level of benefits are set by the Government of Nova Scotia, subject to interpretation by the Courts, the funding equation is not entirely within the control of the WCB as the neutral administrator. The Act states that current year costs must be covered by current year premium revenue regardless of the funded position.

The WCB and all system stakeholders must recognize and appreciate the volatility, and the delicate nature, of having eliminated the unfunded liability in 2020. As we experienced in 2022, the funded position will fluctuate in coming years, and will almost certainly hover above and below 100 per cent. Ensuring a sufficient and sustainable funded per cent margin is integral to funding our future. Our plan is to achieve long-term sustainability, continued innovation and therefore overall improvement for the system. The focus of the WCB's efforts over the next several years will be to improve outcomes for people injured at work, and their employers, by supporting injury prevention and safe and timely return to pre-injury earnings.

Interest has been raised for increased benefits for people injured at work and/or reduction in employer assessment rates. The WCB's current strategic priorities for 2021–2023 include considerations around funding for our future, to ensure financial sustainability. Having a strong funded percentage is necessary to withstand a system shock (in economic growth, investment returns or claim costs).

The Board of Directors will review the funding strategy as part of the annual plan and budget process in June 2023. Although the funding strategy clearly labels assumptions as such, it is possible to read more certainty and precision into the strategy than warranted, given the number and nature of assumptions it contains. It is important to note that the funding strategy is our best estimate of what will happen given various assumptions. As noted in previous annual reports and in the funding strategy, actual results will differ from the projections and these differences may be material.

FIONA'S FURY

2022 will be defined by many things, but one memory Nova Scotians will never forget is the impact of tropical storm Fiona.

Equivalent to a Category 1 hurricane with 150 km/h winds when it made landfall near Canso, Fiona's path of destruction was widespread across the province, with Cape Breton and the North Shore experiencing some of the worst storm damage.

And while most Nova Scotians dealt with extended power outages, an extreme weather event also means many workers and employers across the province need to answer the call to action, from first responders to chain saw operators to utility workers.

Fiona's impact was felt for weeks – power crews worked safely to restore power, and cleanup crews across the province tackled downed trees, limbs and branches as a province recovered.

Fiona left its mark from a workplace injury perspective, too. There were a handful of injuries in the weeks that followed – mostly related to brush and limb cleanup, but also including exposure to traumatic events.

"Nova Scotians have shown they're resilient these past few years," says Dennita Fitzpatrick, VP Prevention and Return to Work. "The response to Fiona is just another example."

Photo credit: Mike Dembeck Photography

A few examples of the handful of workplace injuries sustained in the days following Fiona included:

- *Repetitive strain, cutting and throwing tree branches*
- *Log fell on leg during hurricane clean up*
- *Concussion from tree impact during brush clean up*
- *Repetitive strain, chain-saw use, post-hurricane clean up*

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Workers' Compensation Board of Nova Scotia ("WCB"), which comprise the statement of financial position as at December 31, 2022, and the statements of comprehensive income, changes in the funded position and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Workers' Compensation Board of Nova Scotia as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Halifax, Canada
June 21, 2023

Chartered Professional Accountants

STATEMENT OF **FINANCIAL POSITION**

as at December 31 (thousands of dollars)

	2022	2021
Assets		
Cash & cash equivalents	$ 31,330	$ 3,565
Receivables (Notes 5 and 17)	43,357	50,143
Investments (Note 6)	2,239,651	2,349,157
Property and equipment (Note 8)	3,946	4,138
Intangible assets (Note 9)	25,271	25,315
	$ 2,343,555	$ 2,432,318
Liabilities and (Unfunded) Funded Position		
Payables and accruals	$ 65,201	$ 58,947
Post-employment benefits (Note 10)	19,727	26,635
Benefits liabilities (Note 11)	2,437,861	2,200,265
	2,522,789	2,285,847
(Unfunded) funded position	(179,234)	146,471
	$ 2,343,555	$ 2,432,318

Commitments (Note 19)
Capital Management (Note 21)

Approved on behalf of the Board of Directors on June 21, 2023:

Saeed El-Darahali
Chair, Board of Directors

Angus Bonnyman
Chair, Finance, Audit and Risk Committee

STATEMENT OF **COMPREHENSIVE INCOME**

year ended December 31 (thousands of dollars)

	2022	2021
Revenue		
Assessments (Notes 3, 12, 16 and 17)	$ 370,927	$ 342,395
Other Contribution – Province of NS (Note 11)	69,563	–
Investment (loss) income (Note 6)	(175,263)	210,301
	265,227	552,696
Expenses		
Claims costs incurred (Notes 3, 11 and 17)	241,059	233,788
Growth in present value of benefits liabilities, actuarial adjustments and adjustment for latent occupational diseases (Note 11)	276,576	162,786
Administration costs (Notes 13, 17 and 20)	61,562	62,610
System support (Note 14)	999	1,021
Legislated obligations (Note 15)	19,071	18,533
	599,267	478,738
Excess of (expenses over revenues) revenues over expenses	(334,040)	73,958
Other comprehensive income		
Re-measurement of post-employment benefits income (Note 10)	8,335	10,420
Total comprehensive (loss) income	$ (325,705)	$ 84,378

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

STATEMENT OF CHANGES IN THE FUNDED POSITION

year ended December 31 (thousands of dollars)

	2022	2021
Funded position excluding accumulated other comprehensive income		
Balance, beginning of year	$ 146,474	$ 72,516
Excess of (expenses over revenues) revenues over expenses	(334,040)	73,958
	$ (187,566)	$ 146,474
Accumulated other comprehensive income		
Balance, beginning of year	$ (3)	$ (10,423)
Other comprehensive income	8,335	10,420
	$ 8,332	$ (3)
(Unfunded) funded position	$ (179,234)	$ 146,471

STATEMENT OF CASH FLOWS

year ended December 31 (thousands of dollars)

	2022	2021
Operating Activities		
Cash received from:		
Employers, for assessments	$ 372,010	$ 334,097
Other Contribution – Province of NS	69,563	–
Net investment income	13,114	130,381
	454,687	464,478
Cash paid to:		
Claimants or third parties on their behalf	(278,003)	(262,291)
Suppliers, for administrative and other goods and services	(65,255)	(65,286)
	(343,258)	(327,577)
Net cash provided by operating activities	111,429	136,901
Investing Activities		
Increase in investments, net	(79,167)	(129,488)
Purchases of equipment and intangible assets	(4,497)	(1,108)
Net cash used in investing activities	(83,664)	(130,596)
Net increase in cash and cash equivalents	27,765	6,305
Cash and cash equivalents (bank indebtedness), beginning of year	3,565	(2,740)
Cash and cash equivalents, end of year	$ 31,330	$ 3,565

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

NOTES TO THE FINANCIAL STATEMENTS

December 31st, 2022 (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 to maintain a funded position.

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 (cashable with 24 hours' notice), with original maturities of one year 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 are to a maximum of $20,000 and bear interest at the bank's prime interest rate less 0.85 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, and 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, private equity private debt, credit opportunities, global real estate, 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
Investments in limited partnerships for alternative asset classes 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 3 to 40 years is used for building components and from 4 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.

Leases
For new lease contracts entered into, the WCB determines if the contract is or contains a lease. A lease is defined as a contract or part of a contract that conveys the right to use an asset for a period of time in which consideration is paid. The lease liability is measured at the present value of the remaining unpaid lease payments discounted using the interest rate implicit in the lease if readily determinable or the lessee's incremental borrowing rate. The right-of-use asset is measured at the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred, and an estimate of costs to be incurred, if any, in dismantling or removing the underlying asset or restoring the site. Right of use assets are depreciated over the useful life of the asset or over the lease term, whichever is shorter. Short-term leases and leases of low-value assets where the payments are recognized as expense in profit or loss on a straight line basis over the lease term, using the practical expedients options available.

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 settlement) 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 uses IFRS 9 for financial instruments, which requires financial instruments to be classified as either amortized cost, or fair value through profit and loss. The applicable financial instruments for the WCB are as follows:

- Cash and cash equivalents – recorded at cost, which approximates fair 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 receivable include an estimate for the lifetime expected credit losses using the simplified method with a provision matrix in the allowance for doubtful accounts and are regularly reviewed to determine whether the account should be written-off. Accounts are written-off when there is no reasonable expectation of recovery.

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 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. Intangible assets which are under development and not yet ready for its intended use so are not subject to depreciation. Assets under development and not ready for their intended use are tested for impairment annually.

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, and 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) New Accounting Policy Implementations
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 future years.

l) Future Accounting Policy Developments
IAS 1 – Presentation of Financial Statements (Amendment) – The IASB has amended the standard to require entities to disclose their material accounting polices rather than the current significant accounting policies. The IASB has issued supporting documentation including a detailed "4 step process" to guide the assessment. The WCB will be conducting a review and adopting changes for periods beginning on or after January 1, 2023.

IFRS 17 – Insurance Contracts – The new insurance standard will replace IFRS 4 Insurance Contracts. The mandatory effective date is January 1, 2023. IFRS 17 will make for better comparisons across WCBs as all will be using a similar discount rate range.

In June 2020, an amendment was issued to defer the effective date of IFRS 17 to annual periods beginning on or after January 1, 2023. The standard will affect how the WCB accounts for insurance contracts and how financial performance is reported, presented in the statement of comprehensive income, and disclosed in the notes to the financial statements. 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.

Key changes to WCB's accounting policies anticipated as a result of the application of IFRS 17 include:

- The WCB insurance contracts will be grouped as a single portfolio. Rates are set at the system level to fund the system and have a one-year contract boundary, which coincides with the calendar year. The measurement model chosen is the Premium Allocation Approach (PAA), which is an optional model that can be utilized when the contract boundary is within one year, and rates are priced annually to reflect changing risk. The liability is set as the premiums received less acquisition expenses, premium revenue recognized, and amounts transferred to fund incurred claims.
- Assessment for onerous contracts is required at least annually, which is when the measurement of the estimated future cash flows results in an expected insurance results loss on the insurance contracts for any given year, either on inception, or when subsequently measured. When onerous contracts are identified, the onerous loss is recognized at the inception of the contracts, or when determined to be onerous, with the loss immediately recognized in income and a loss component added to the insurance contract liability.
- Measurement of the estimated future cash flows with a discount rate reflecting the time value of money, the financial risk that reflects the characteristics of the liabilities, and the duration of the portfolio (as compared to a discount rate selected by reference to the underlying portfolio of assets supporting the insurance contract liability under IFRS 4) is updated at each reporting period. The WCB will use the illiquid reference curve that will be published regularly by the Canadian Institute of Actuaries by Fiera Capital. The WCB has established that this rate adheres to the principles of the standard. Additionally, only expenses directly related to the fulfilment of obligations under insurance contracts will be recognized as insurance related expenses.

- Significant presentation and disclosure changes that will result in the presentation of insurance service results, being comprised of insurance revenue net of insurance service expenses, on the face of the Statement of Comprehensive (Loss) Income separate from investing activities and other expenses. Significant new disclosures are also required.
- WCB has determined that adoption will be applied with full retrospective application. Differences that arise in the recognition and measurement of insurance contracts will be recognized as an adjustment to the opening funded position on January 1, 2022 in the fiscal 2023 financial statements.

  Actuarial procedures and data requirements were assessed during 2021 and no data gaps were identified. There are no system changes required and the policy principles have been finalized during 2022. WCB is currently finalizing its quantification of the impact of the opening liabilities adjustment for 2022 and 2023.

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

	2022	2021
Assessments	$ 33,188	$ 28,316
Self-insured employers	4,237	10,193
Assessments receivable	37,425	38,509
Advance to related parties	–	7,100
Claim-related overpayments	1,560	1,388
Harmonized sales tax rebate	1,939	1,665
Other	2,433	1,481
	$ 43,357	$ 50,143

Assessments receivable are net of an allowance for expected credit losses of $10,000 in 2022 (2021 – $8,149). Other receivables are net of an allowance of $2,197 in 2022 (2021 – $1,982). The accounts receivable collections were monitored throughout the year, and remittance patterns were consistent with the prior year.

6. INVESTMENTS

	2022	2021
Equities		
Canadian	$ 98,968	$ 137,087
Global	180,113	218,593
Global hedged	60,500	83,004
Global low volatility	103,779	138,374
Global small cap	84,136	106,364
Emerging markets	106,743	133,002
Private equity[1]	278,241	221,749
	912,480	1,038,173
Fixed income		
Liability-matching bonds[2]	478,019	570,531
Opportunistic fixed income	136,818	161,085
Private debt[3]	40,113	17,337
	654,950	748,953
Real estate[4]	294,004	244,538
Hedge funds	194,992	196,009
Infrastructure	173,798	117,907
Cash and money market	9,427	3,577
	$ 2,239,651	$ 2,349,157

Investment Income	2022	2021
Distributions from pooled funds	$ 54,008	$ 79,233
Unrealized fair value (loss) gain on investments	(188,673)	79,920
Realized (losses) gains from the sale of investments	(30,072)	60,542
Portfolio management expenses	(10,526)	(9,394)
Net investment (loss) income	$ (175,263)	$ 210,301

1 Private equity includes private equity, co investments and secondary markets.
2 Liability-matching bonds include long term bonds, synthetic federal real return bonds, synthetic mid-term provincial bonds, universe bonds and real return bonds.
3 Private Debt includes Private Debt and Credit Opportunities.
4 Real estate includes Canadian real estate and Global real estate.

Funding Commitments
The WCB has entered into limited partnership agreements with externally managed funds that commit the WCB to contribute into these investments which will be drawn down over the next several years. Unfunded commitments as of December 31, are as outlined in the table below:

Mandate	2022 Undrawn Funding Commitments	Total Commitments
Infrastructure	$ 73,016 USD	$ 190,500 USD
Private equity	$ 89,116 USD	$ 228,500 USD
Private debt	$ 44,555 USD	$ 72,000 USD
Global real estate	$ 59,375 USD	$ 95,000 USD
Infrastructure	$ 114,000 CAD	$ 114,000 CAD
Private equity	$ 142,867 CAD	$ 167,000 CAD
Private debt	$ 96,000 CAD	S 96,000 CAD
Global real estate	$ 82,008 CAD	$ 90,000 CAD

During 2022, the WCB added additional limited partnership commitments of $467.0 million CAD into infrastructure, private equity, private equity co-investments, private debt, global real estate and secondary markets.

Mandate	2021 Undrawn Funding Commitments	Total Commitments
Infrastructure	$ 107,976 USD	$ 190,500 USD
Private equity	$ 104,979 USD	$ 228,500 USD
Private debt	$ 59,240 USD	$ 72,000 USD
Global real estate	$ 78,375 USD	$ 95,000 USD

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.

Equity investments are sensitive to market risks. The following table presents the decrease to comprehensive income (CI) as a result of 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.

	2022		2021	
Equities	% Change	CI Impact	% Change	CI Impact
	(1 Std Deviation)		(1 Std Deviation)	
Canadian	15.5%	$ (15,340)	13.8%	$ (18,918)
Global	13.5%	$ (24,315)	11.4%	$ (24,920)
Global hedged	17.1%	$ (10,364)	14.3%	$ (11,870)
Global low volatility	9.1%	$ (9,444)	11.4%	$ (15,775)
Global small cap	16.6%	$ (13,967)	14.7%	$ (15,635)
Emerging markets	14.4%	$ (15,371)	12.8%	$ (17,024)

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

Duration of bond portfolios (in years)	2022	2021
Long term bonds	14.8	16.3
Universe bonds	7.6	8.6
Synthetic mid-term provincial bonds	20.9	20.0
Synthetic federal real return bonds	45.7	45.4
Real return bonds	14.1	15.8
Opportunistic fixed income	5.1	4.2

The following table presents the effect of an increase in market interest rates for fixed income investments and the resulting decrease to comprehensive income.

0.5% change	2022 CI Impact	2021 CI Impact
Long term bonds	$ (14,585)	$ (41,281)
Universe bond fund	$ (2,487)	$ (360)
Synthetic mid-term provincial bonds	$ (8,710)	$ (3,091)
Synthetic federal real return bonds	$ (10,299)	$ (2,614)
Real return bond fund	$ (6,214)	$ (1,358)
Opportunistic fixed income[1]	$ (3,489)	$ (3,345)

[1] This fund holds debt securities that are outside of Canada. The holdings that are outside of Canada will not be impacted by a change in Canadian interest rates.

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.

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.

Currency	2022 CI Impact	2021 CI Impact
USD	$ (72,520)	$ (69,217)
EURO	$ (3,806)	$ (4,783)
YEN	$ (2,590)	$ (2,880)
POUND	$ (941)	$ (1,316)

Credit risk
Credit risk with financial instruments arises from the possibility that the counterparty to an instrument may fail to meet its obligations. There could be increased credit risk on trade receivables if employers are not able to pay on their accounts. 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.

	2022		2021	
Credit Rating	Total	%	Total	%
AAA	$ 158,984	24.3%	$ 105,014	14.0%
AA	242,899	37.1%	303,984	40.6%
A	55,956	8.5%	109,532	14.6%
BBB	55,235	8.4%	107,266	14.3%
Below BBB/Not Rated	141,876	21.7%	123,157	16.5%
Total	$ 654,950	100.0%	$ 748,953	100.0%

The WCB is also exposed to credit risk through its trade receivables. The risk is mitigated through assigned staff monitoring and collecting overdue accounts. 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.

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. Further exceptions 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 31, 2022		December 31, 2021
Infrastructure[1]	$	173,798	$	117,907
Private equity[1]		278,241		221,749
Private debt[1]		40,113		17,337
Global real estate[1]		58,242		23,904
Hedge funds[2]		194,992		196,009
Total	$	745,386	$	576,906

[1] These funds are closed-end funds with a 12–14 year life expected to end between 2031 – 2036. The general partner has the option to extend the funds' lives by 1 year.

[2] The liquidity of this fund is subject to change but is estimated to be 74 per cent (2021 – 66 per cent) redeemable within 1 year of redemption request, 18 per cent (2021 – 28 per cent) within two years, 4 per cent (2021 – 2 per cent) within three years, and 4 per cent (2021 – 4 per cent) thereafter.

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.

2022	Level 1	Level 2	Level 3	Total
Short-term investments	$ 9,427	$ –	$ –	$ 9,427
Equities	–	634,239	278,241	912,480
Fixed term investments	–	614,837	40,113	654,950
Real estate	–	–	294,004	294,004
Hedge funds	–	–	194,992	194,992
Infrastructure	–	–	173,798	173,798
	$ 9,427	$ 1,249,076	$ 981,148	$ 2,239,651

2021	Level 1	Level 2	Level 3	Total
Short-term investments	$ 3,577	$ –	$ –	$ 3,577
Equities	–	816,424	221,749	1,038,173
Fixed term investments	–	731,616	17,337	748,953
Real estate	–	–	244,538	244,538
Hedge funds	–	–	196,009	196,009
Infrastructure	–	–	117,907	117,907
	$ 3,577	$ 1,548,040	$ 797,540	$ 2,349,157

Investments classified as Level 2 represent units held in pooled funds operated by a number of fund managers and units held in synthetic bonds. The pooled funds are comprised of publicly 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, private debt, 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.

2022 Source of Change in Value of Level 3 Investments	Private Equities	Real Estate	Hedge Funds	Infra-structure	Fixed Income	Total
Value December 31, 2021	$ 221,749	$ 244,538	$ 196,009	$ 117,907	$ 17,337	$ 797,540
Purchase of units	34,167	25,219	–	34,960	14,685	109,031
Unrealized gains	24,133	50,760	(339)	22,002	8,388	104,944
Sale of units	–	(25,219)	–	–	–	(25,219)
Investment management fees	(1,808)	(1,294)	(678)	(1,071)	(297)	(5,148)
Value December 31, 2022	$ 278,241	$ 294,004	$ 194,992	$ 173,798	$ 40,113	$ 981,148

2021 Source of Change in Value of Level 3 Investments	Private Equities	Real Estate	Hedge Funds	Infra-structure	Fixed Income	Total
Value December 31, 2020	$ 102,242	$ 199,483	$ 187,711	$ 69,770	$ 3,158	$ 562,364
Purchase of units	64,180	13,775	–	35,110	10,480	123,545
Unrealized gains	56,472	46,117	8,979	13,820	3,925	129,313
Sale of units	–	(13,775)	–	–	–	(13,775)
Investment management fees	(1,145)	(1,062)	(681)	(793)	(226)	(3,907)
Value December 31, 2021	$ 221,749	$ 244,538	$ 196,009	$ 117,907	$ 17,337	$ 797,540

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 $1,645,682 at December 31 (2021 – $1,928,231). The WCB's most significant foreign country concentrations are summarized in the table below.

Significant exposure	2022		2021
United States	52.1%	United States	52.4%
United Kingdom	4.5%	China	5.6%
China	4.2%	United Kingdom	3.5%
Japan	2.7%	Japan	2.9%
France	3.0%	France	2.4%
All other global	33.5%	All other global	33.2%
	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, 2022	$ 4,939	$ 3,584	$ 3,333	$ 11,856
Additions	10	3	822	835
Disposals and retirements	–	(114)	(291)	(405)
Balance at Dec. 31, 2022	$ 4,949	$ 3,473	$ 3,864	$ 12,286
Depreciation and impairment				
Balance at Jan. 1, 2022	$ (2,947)	$ (2,323)	$ (2,448)	$ (7,718)
Current period depreciation	(186)	(342)	(493)	(1,021)
Impairment losses	–	(6)	–	(6)
Disposals and retirements	–	114	291	405
Balance at Dec. 31, 2022	$ (3,133)	$ (2,557)	$ (2,650)	$ (8,340)
Carrying amount at Dec. 31, 2022	$ 1,816	$ 916	$ 1,214	$ 3,946

	Land and Building[1]	Furniture and facilities	Equipment and computer hardware	Total
Historical cost				
Balance at Jan. 1, 2021	$ 4,923	$ 5,895	$ 3,280	$ 14,098
Additions	16	37	212	265
Disposals and retirements	–	(2,348)	(159)	(2,507)
Balance at Dec. 31, 2021	$ 4,939	$ 3,584	$ 3,333	$ 11,856
Depreciation and impairment				
Balance at Jan. 1, 2021	$ (2,754)	$ (3,605)	$ (2,126)	$ (8,485)
Current period depreciation	(193)	(1,007)	(478)	(1,678)
Impairment losses	–	(59)	(3)	(62)
Disposals and retirements	–	2,348	159	2,507
Balance at Dec. 31, 2021	$ (2,947)	$ (2,323)	$ (2,448)	$ (7,718)
Carrying amount at Dec. 31, 2021	$ 1,992	$ 1,261	$ 885	$ 4,138

[1] Includes $155 cost of the land which has an indefinite useful life and is not depreciated.

Right of use assets

Included in Furniture and Facilities are right of use assets for office space and included in Equipment and Hardware are right of use assets for office copiers and postal equipment where the WCB is a lessee. WCB has right to use assets totalling $358 at December 31 (2021 – $545).

9. INTANGIBLE ASSETS

	Acquired Software	Internally generated software	Total
Historical cost			
Balance at Jan. 1, 2022	$ 885	$ 39,455	$ 40,340
Additions	33	3,690	3,723
Disposals and retirements	–	(4,138)	(4,138)
Balance at Dec. 31, 2022	$ 918	$ 39,007	$ 39,925
Depreciation and impairment			
Balance at Jan. 1, 2022	$ (675)	$ (14,350)	$ (15,025)
Current period depreciation	(82)	(3,658)	(3,740)
Impairment losses	–	(27)	(27)
Disposals and retirements	–	4,138	4,138
Balance at Dec. 31, 2022	$ (757)	$ (13,897)	$ (14,654)
Carrying amount at Dec. 31, 2022	$ 161	$ 25,110	$ 25,271

	Acquired Software	Internally generated software	Total
Historical cost			
Balance at Jan. 1, 2021	$ 670	$ 38,909	$ 39,579
Additions	215	676	891
Disposals and retirements	–	(130)	(130)
Balance at Dec. 31, 2021	$ 885	$ 39,455	$ 40,340
Depreciation and impairment			
Balance at Jan. 1, 2021	$ (590)	$ (10,357)	$ (10,947)
Current period depreciation	(85)	(4,119)	(4,204)
Impairment losses	–	(4)	(4)
Disposals and retirements	–	130	130
Balance at Dec. 31, 2021	$ (675)	$ (14,350)	$ (15,025)
Carrying amount at Dec. 31, 2021	$ 210	$ 25,105	$ 25,315

10. POST-EMPLOYMENT BENEFITS

The WCB provides post-employment benefits other than pensions (Note 20) consisting of retirement allowances, post-employment life insurance, dental and medical programs. An actuarial valuation was performed as at December 31, 2021 and rolled forward to December 31, 2022.

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

	2022	2021
Discount rate, benefits expense for the year	5.20%	3.45%
Discount rate, accrued benefit obligation	5.20%	3.45%
Expected health care costs trend rate; decreasing linearly to an ultimate rate of 3.6% in 2040	5.66%	5.66%
Drug claim increases trend rate; decreasing linearly to an ultimate rate of 3.6% in 2040	5.66%	5.66%
Dental cost escalation; decreasing linearly to an ultimate rate of 3.6% in 2027	5.66%	3.60%
Retirement age assumption (a)	Later of 59 years and full eligibility	Later of 59 years and full eligibility

Costs Arising in the Period	2022	2021
Current service costs	$ 798	$ 1,595
Interest costs	941	1,032
Total employee future benefits expense	$ 1,739	$ 2,628

Accrued Benefit Obligation	2022	2021
Beginning of year	$ 26,635	$ 34,840
Total employee future benefits expense	1,739	2,628
Actuarial (gains) on ABO through OCI (b)	(8,335)	(10,420)
Regular benefits paid	(312)	(413)
End of year	$ 19,727	$ 26,635

a) Full eligibility is the earliest of age 55 with 2 years of service (10 years if hired on or after October 1, 2018) and the earliest unreduced age under the Public Service Super Annuation Act.

b) The net actuarial gain of $8,335 as at December 31, 2022 arises from an increase in the discount rate, offset by a loss due to a change in the dental cost increases assumption and a loss due to a change for an increase in the general wage increases assumption. The actuarial gain of $10,420 as at December 31, 2021 arises from the recognition of updated claims and premium experience, a gain due to an increase in the discount rate, a gain due to the change in the assumption portion of members electing family health and dental coverage upon retirement, a gain due to plan demographics, a gain due to the change in attribution period for employees hired on or after October 1, 2018 offset by a loss due to the change in the assumed retirement age.

c) 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).

	2022 CI Impact	2021 CI Impact
1% decrease in the discount rate	$ (4,429)	$(7,204)
1% increase in the discount rate	$ 3,348	$ 5,269
1% decrease in the assumed health care cost trend rate	$ 3,227	$ 4,796
1% increase in the assumed health care cost trend rate	$ (4,215)	$(6,400)

11. BENEFITS LIABILITIES

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Subtotal	Claims Administration	Total 2022
Balance, beginning of year	$ 153,950	$ 1,363,640	$ 107,176	$ 446,816	$ 4,138	$ 2,075,721	$ 124,544	$ 2,200,265
Growth in present value of benefit liabilities	6,862	69,278	5,345	21,166	169	102,820	6,169	108,989
Change Method/Assumptions (a)	(727)	(21,098)	(2,229)	(9,081)	(14)	(33,149)	(1,989)	(35,138)
Actuarial experience Adjustments (b)	(2,967)	87,586	7,497	(20,025)	(537)	71,554	4,294	75,848
Other changes (c)	13,689	6,555	5,920	94,475	(943)	119,696	7,181	126,877
Total growth	16,857	142,321	16,533	86,535	(1,325)	260,921	15,655	276,576
Claims costs incurred	58,402	115,573	1,751	64,620	713	241,059	14,463	255,522
Less: Claims payments made	(60,885)	(139,469)	(10,380)	(66,422)	(676)	(277,832)	(16,670)	(294,502)
Balance, end of year	$ 168,324	$ 1,482,065	$ 115,080	$ 531,549	$ 2,851	$ 2,299,869	$ 137,992	$ 2,437,861

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Subtotal	Claims Administration	Total 2021
Balance, beginning of year	$ 141,197	$ 1,248,209	$ 107,698	$ 447,442	$ 5,943	$ 1,950,489	$ 117,030	$ 2,067,519
Growth in present value of benefit liabilities	6,221	63,439	5,362	21,496	262	96,780	5,807	102,587
Change Method/Assumptions (a)	–	(22,965)	(175)	–	–	(23,140)	(1,389)	(24,529)
Actuarial experience Adjustments (b)	10,571	94,337	3,465	(26,490)	(1,951)	79,932	4,796	84,728
Total growth	16,792	134,811	8,652	(4,994)	(1,689)	153,572	9,214	162,786
Claims costs incurred	57,215	108,395	1,347	66,064	767	233,788	14,028	247,816
Less: Claims payments made	(61,254)	(127.775)	(10,521)	(61,696)	(882)	(262,128)	(15,728)	(277,856)
Balance, end of year	$ 153,950	$ 1,363,640	$ 107,176	$ 446,816	$ 4,139	$ 2,075,721	$ 124,544	$ 2,200,265

a) In 2022, the discount rate of return assumption increased from 5.25% to 5.50% as a result of an increase in the long-term expected real rate of return on assets in the Injury Fund resulting in a favourable adjustment of $35,138.

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 2022, actuarial experience adjustments increasing the benefits liabilities totalled $75,848.

- A net increase of $54,100 as a result of higher than expected volume and cost of new Extended Earnings Replacement Benefits and new Permanent Impairment Benefits and new Survivor awards.
- A net increase of $38,000 as a result of higher than anticipated inflation on awards in pay.
- A net increase of $6,500 as a result of changes in the provision for future EERBs.
- A net increase of $4,294 as a result of changes in the provision for future administrative costs.
- A net decrease of $1,100 as a result of changes in actual payments across all benefit categories being lower than expected.
- A net decrease of $15,200 for changes in claiming patterns across all benefit categories, primarily related to medical aid.
- A net decrease of $10,500 as a result of mortality experience.
- Other accumulated actuarial adjustments resulted in a net decrease of $246.

In 2021, actuarial experience adjustments increasing the benefits liabilities totalled $84,728.

- A net increase of $77,600 as a result of higher than expected volume and cost of new Extended Earnings Replacement Benefits and new Permanent Impairment Benefits and new Survivor awards.
- A net increase of $8,900 as a result of higher than anticipated inflation on awards in pay.
- A net increase of $8,300 as a result of a changes in the provision for future EERBs.
- A net increase of $6,322 as a result of a change in provision for occupational disease awards.
- A net increase of $4,438 as a result of changes in the provision for future administrative costs.
- A net increase of $3,000 as a result of changes in actual payments across all benefit categories being higher than expected.
- A net decrease of $18,500 for changes in claiming patterns across all benefit categories, primarily related to medical aid.
- A net decrease of $5,000 as a result of mortality experience.
- Other accumulated actuarial adjustments resulted in a net decrease of $332.

c) In 2022, other changes increased the benefits liability by $126,877. This was comprised of:

Effective July 1, 2022, amendments to the Firefighters' Compensation Regulations expanded the number of cancers with presumptive benefits from six to 19, and also expanded coverage to include heart attacks that occur within 24 hours of an emergency call. This resulted in an increase of $69,563 to the benefits liabilities; with equal and off-setting contributions received from the Province of Nova Scotia: "Other contribution – Province of Nova Scotia."

Additionally, the 2022 provision for future long-latency occupational diseases was increased by $57,314 as a result of an updated actuarial study on workplace exposures incurred up to the measurement date.

Actuarial Assumptions and Methods

In 2022, all liabilities were calculated using an underlying assumption of 3.50 per cent (2021 – 3.25 per cent) and real rate of return on assets and a rate of increase in the CPI equal to 2.00 per cent. The gross rate of return that results from the CPI and the real rate of return assumptions is 5.50 per cent (2021 – 5.25 per cent). The inflation assumptions and the resulting net interest rates are presented as follows:

2022 Category	Expected Inflation	Resulting Inflation Rate	Resulting Net Interest Rate
Supplementary Benefits (LTD)	0.50% + CPI	2.50%	3.00%
All other LTD, Survivor Pensions	50% * CPI	1.00%	4.50%
Health Care	2.25% + CPI	4.25%	1.25%
All Others	CPI	2.00%	3.50%

2021 Category	Expected Inflation	Resulting Inflation Rate	Resulting Net Interest Rate
Supplementary Benefits (LTD)	0.50% + 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%

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 2022 (2021 – 2.00 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 3.50 per cent real rate of return assumption for 2022 (2021 – 3.25 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 WCB 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 2022 assumptions for CPI of 2.00 per cent (2021– 2.00 per cent) and real rate of return of 3.50 per cent (2021 – 3.25 per cent), the gross rate of return assumption is 5.50 per cent (2021 – 5.25 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 2.0 per cent); (2021 – 2.00 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); (2021 – 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); (2021 – 2.50 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); (2021 – 2.00 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 WCB 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. The 2022 assumption is 10.50 per cent (2021 – 5.00 per cent) of the benefits liabilities and reflects changes to the *Act* to provide mandatory coverage to volunteer firefighters and previously this coverage was available on a volunteer basis. The amendment to the *Act* was effective October 30, 2020. In past valuations, occupational disease claims were recognized upon diagnosis of the covered occupational disease.

Mortality – Mortality for permanent awards is based on the 1983 Group Annuitant Mortality Table (GAM 1983) with a 10.00 per cent margin (i.e. mortality rates are reduced by 10.00 per cent to reflect on-going increases in life expectancy). This table was selected based on the results of a study of the WCB'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 Extended Earnings Replacement Benefits (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 WCB 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. The average accident age for future EERB awards is 47 years, up from 46 years in 2020. The average accident age for future PIB awards is 48 years, up from 47 years in 2020. 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 (3.50 per cent) and the long-term inflation rate (2.00 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 1.00 per cent decrease in the assumed rate of investment earnings.
2. Scenario 2 provides an integrated test of the impact of a high inflation, low real rate of return environment.
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 (can also be thought of as a market value based measurement of the liabilities).
4. Scenario 4 provides the impact of a 1.00 per cent increase in the assumed health care inflation rate.

Sensitivity of Valuation Assumptions

	Assumptions			Change to Liabilities and Incurred Claims		
	Real Return	Inflation	Investment	Effect	Liabilities	Incurred Claims
1	2.50%	2.00%	4.50%	Increase	$ 185,090	$ 18,248
2	2.50%	3.00%	5.50%	Increase	$ 117,309	$ 13,526
3	3.00%	2.10%	5.10%	Increase	$ 82,497	$ 8,327
4	Increase Health Care Inflation Rate by 1.0%			Increase	$ 56,386	$ 4,331

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 focusing 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, Skills and Immigration 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 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 2013, and year of estimate 2013 (i.e. $308,160). This figure was the estimated total cash flows expected to be paid on accidents in 2013, as measured at December 31, 2013. The amount in accident year 2013, and year of estimate 2022 (i.e. $230,939) 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 2013 through 2022, as well as the liability for accident years prior to 2012.

	Accident Year										
Year of Estimate	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Estimated Total Cash Flow (including Past and Future Cash Flows)											
2013	$ 308,160										$ 308,160
2014	275,937	$ 293,068									569,005
2015	258,543	275,718	$ 293,116								827,377
2016	253,355	259,320	287,475	$ 309,241							1,109,391
2017	235,571	241,904	260,226	282,282	$ 299,129						1,319,112
2018	241,034	237,833	257,554	274,944	299,625	$ 322,735					1,633,725
2019	234,716	228,728	249,629	255,353	276,400	306,018	$ 320,637				1,871,481
2020	229,409	225,190	243,714	252,742	268,077	299,132	315,688	$ 332,965			2,166,917
2021	228,632	229,960	241,039	259,661	291,813	328,299	331,960	334,081	$ 356,472		2,601,917
2022	230,939	226,120	245,013	263,577	300,758	347,592	362,896	348,254	362,355	$ 378,156	3,065,660
Current (2022) Estimate of Total Cash Flow	230,939	226,120	245,013	263,577	300,758	347,592	362,896	348,254	362,355	378,156	3,065,660
Total Cash Flows Paid to December 31, 2022	(127,869)	(115,083)	(116,337)	(115,450)	(116,272)	(125,235)	(113,602)	(85,776)	(67,443)	(30,609)	(1,013,676)
Estimated Future Cash Flows	103,070	111,037	128,676	148,127	184,486	222,357	249,294	262,478	294,912	347,547	2,051,984
Impact of Discounting	(38,047)	(41,725)	(50,230)	(58,431)	(71,611)	(86,166)	(94,296)	(100,317)	(114,890)	(130,714)	(786,427)
Liability in Respect of Accident Years 2013 to 2022	$ 65,023	$ 69,312	$ 78,446	$ 89,696	$ 112,875	$ 136,191	$ 154,998	$ 162,161	$ 180,022	$ 216,833	1,265,557
Liability for Accident Years 2012 and Prior											815,772
Claims Administration											124,880
Latent Occupational Disease Provision											231,652
Benefits liabilities as at December 31, 2022											$ 2,437,861

12. ASSESSMENT REVENUE

	2022	2021
Assessed employers	$ 365,131	$ 337,578
Practice incentive rebates and surcharge refunds	(2,005)	(2,960)
Assessment revenue	363,126	334,618
Administration fee revenue		
Self-insured employers (Note 16)	7,801	7,777
Revenue from employers	$ 370,927	$ 342,395

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

	2022	2021
Salaries and staff expense	$ 43,770	$ 43,510
Professional, consulting and service fees	6,075	7,221
Services contracted	5,939	3,942
Depreciation	4,545	5,189
Building operations	1,361	2,588
Communications	793	761
Supplies	594	595
Travel and accommodations	374	270
Training and development	318	234
	63,769	64,310
Change in liability for future administration costs (Note 11)	(2,207)	(1,700)
	$ 61,562	$ 62,610

14. SYSTEM SUPPORT

System support costs are costs associated with providing support and funding for the Workplace Safety and 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

		2022		2021
Occupational Health and Safety	$	13,612	$	13,440
Workers' Advisers Program		3,520		3,168
Workers' Compensation Appeals Tribunal		1,939		1,925
	$	19,071	$	18,533

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, Skills and Immigration.

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, Skills and Immigration 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

Self-insured employers – federal and provincial government bodies directly bear the costs of their own incurred claims. The WCB administers these claims and charges self-insured employers an administration fee based on their pro-rata share of WCB administration costs and it is included in revenue on the Statement of Comprehensive Income.

The benefits liabilities related to self-insured employers have not been included in the WCB's benefits liabilities account. Section 134.3 of the *Act* references that self-insured employers are liable individually to pay an amount based on the cost of claims plus administrative costs incurred by the WCB with respect to those claims. As these liabilities will be borne by those employers when paid in future years, they do not add to the WCB's unfunded liability.

During the year, the following administration fee revenue and claims cost reimbursements were levied:

		2022		2021
Administration fee revenue	$	7,801	$	7,777
Claims cost reimbursements				
Short-term disability	$	11,319	$	11,207
Long-term disability		18,100		16,897
Survivor benefits		3,143		3,003
Health care		9,811		9,565
	$	42,373	$	40,672

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:

		2022		2021
Administration fee revenue	$	2,634	$	2,446
Claims costs recoveries	$	8,769	$	7,451

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The balances due from the Province of Nova Scotia are non-interest bearing and under normal credit terms. At December 31, 2022, the amount receivable from the Province of Nova Scotia was $1,991 (2021 – $4,305) for claims payments made and administration costs.

Key management personnel of the WCB (CEO, Vice Presidents, CFO, 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.

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	2022	2021
Construction	Construction Safety Nova Scotia	$2,892	$2,432
Fishing	Fish Safe NS	436	385
Trucking	Nova Scotia Trucking Safety Association	439	383
Forestry	Forestry Safety Society of Nova Scotia	146	151
Auto Retailers	Nova Scotia Automobile Dealers' Safety Association	137	121
Retail Gasoline	Retail Gasoline Dealers' Association	36	34
		$4,086	$3,506

WCB Salaries and Benefits (in actual dollars)

	2022 Number of Individuals	Salary	Benefits	Other	Total	Notes	2021 Number of Individuals	2021 Total
Chair, Board of Directors	1	$ 47,215	$ 2,738	$ –	$ 49,953		1	$ 22,653
Acting Chair	–	–	–	–	–		1	6,667
Board of Directors	9	148,435	7,188	–	155,623		8	144,981
	10	195,650	9,926	–	205,576	1	10	174,301
Chief Executive Officer	1	300,892	10,323	36,614	347,829	2	1	355,574
Interim CEO & VP People and Strategy	1	190,988	29,438	13,230	233,656	3	1	219,631
VP Service Excellence	1	185,624	26,922	4,576	217,122		1	213,982
VP Prevention and Return to Work	1	163,350	26,462	11,084	200,896		1	180,590
AVP Strategy and Technology	1	158,182	25,851	11,658	195,691		1	176,176
Chief Financial Officer	1	163,350	26,462	4,576	194,388		1	176,174
	6	1,162,386	145,458	81,738	1,389,582		6	1,322,127
Staff Salaries & Benefits Average 2022 – $85,171; 2021-$84,048	474	33,274,015	6,555,387	703,300	40,532,702	4	472	39,490,313
Post-employment Benefits			1,760,252		1,760,252			2,648,862
Administration – Salaries & Benefits	490	$34,632,051	$ 8,471,023	$ 785,038	$ 43,888,112	5	488	$43,635,603

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

[2] The Chief Executive Officer retired November 30, 2022.

[3] The VP of People and Strategy was appointed Interim CEO effective December 1st 2022.

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

[5] Salary includes regular base pay, and settlement provisions of the collective agreement. 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 2022 of $43,888,112 (2021 of $43,635,603) varies by $118,246 (2021 – $125,378) from Note 13 in the financial statements due to travel allowance disclosed in 'Other', which is posted to 'Travel and accommodations'.

19. COMMITMENTS

Leases

The WCB leases office space which has been recorded in the financial statements as right of use assets.

The WCB also has right of use asset 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. Leased equipment assets are pledged as collateral for the related right of use assets.

The maturity analysis of all lease liabilities at December 31 is as follows:

	Within one year	Within one to five years	Total
2022			
Lease payments (principal and interest)	$ 215	$ 158	$ 373

	Within one year	Within one to five years	Total
2021			
Lease payments (principal and interest)	$ 217	$ 357	$ 574

The WCB's liquidly risk inherent in the maturity of lease liabilities is low. The WCB has a capital management plan to fund current operations. See Note 21 for further details.

The future aggregate minimum lease payments relating to leases that are short-term or low-value in nature for payments not included in the measurement of lease liabilities is as follows:

	2022	2021
Within 1 year	$ 252	$ 252
More than 1 year and up to 5 years	210	462
Later than 5 years	–	–
Total	$ 462	$ 714

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 2022 were $3,042 (2021 – $2,852) 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 secure financial obligations of current and future benefits to workers and operations. 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 funded and unfunded status based on the funding percentage. The funding percentage calculated by the ratio of total assets to total liabilities is 92.9 per cent (2021 – 106.4 per cent).

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ACTUARIAL CERTIFICATE

We have completed an actuarial valuation of the benefit liabilities for insured employers under the Workers' Compensation Act of Nova Scotia (the "Act") as at December 31, 2022, 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 $2,437,861,000 represents the actuarial present value at December 31, 2022, of all expected health-care payments, short-term disability benefits, long-term disability benefits, survivor benefits, rehabilitation and other payments which will be made in future years, and which relate to claims arising from events which occurred on or before December 31, 2022. 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 3.50% 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.

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, an inflation rate of 4.25% per annum was used, reflecting the greater expected inflation and utilization rate for this benefit category.

We are not aware of any events subsequent to the valuation date that would have a material impact on our liability calculations.

It is our opinion that:

- the data on which the valuation is based are sufficient and reliable for the purpose of the valuation;
- the assumptions are appropriate for the purpose of the valuation;
- the methods employed in the valuation are appropriate for the purpose of the valuation; and
- the amount of the benefits liabilities makes appropriate provision for all personal injury compensation obligations and the financial statements fairly present the results of the valuation.

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

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

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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