LiveSAFEWORKsafe

WHSCC 2009 Annual Performance Report

LiveSAFEWORKsafe

Contents

At a Glance 2009

	2009	2008	2007	2006	2005
Incidence Rate[1]	**1.9**	1.9	2.0	2.1	2.2
Soft Tissue Incidence Rate	**1.2**	1.2	1.1	1.3	1.4
Short-Term Disability Claims[2]	**3,999**	4,255	4,353	4,568	4,787
Health Care Only Claims[2]	**2,335**	3,139	3,601	3,896	3,696
Accepted Fatality Claims[3]	**42**	23	23	18	25
Accidents Resulting in Fatality	**25**	6	7	8	13
Occupational Disease	**17**	17	16	10	12
Short Term Claims Duration[4]	**39**	42	39	38	38
Average Assessment Rate[5]	**$ 2.75**	$ 2.75	$ 2.75	$ 2.75	$ 3.19
Registered Employer Accounts	**17,001**	16,704	16,477	16,291	16,067
Employer Assessments ($ million) (including self-insurers)	**$ 160.0**	$ 151.8	$ 137.7	$ 124.8	$ 158.2
Claims Costs ($ million)[6]	**$ 156.3**	$ 146.9	$ 138.3	$ 137.0	$ 133.0
Net Fund Deficiency ($ million)	**$(105.9)**	$ (187.9)	$ (29.4)	$ (8.3)	$ (53.6)
Funded Ratio (%)	**87.5**	77.3	96.3	98.8	92.6

1. Number of lost-time claims per 100 workers employed.

2. The number of new claims reported, accepted and paid up to March 31 of the following calendar year. Health care only claims do not involve lost-time from work.

3. Accepted fatality claims are the total number of fatalities that were accepted in 2009.

4. Short term claims duration is defined as the number of days for which temporary earnings loss benefits are paid for injuries occurring in the same reference year.

5. Average assessment rate is the rate actually charged per $100 of payroll.

6. Claims costs includes current year payments plus expected future payments for all injuries occurring and accepted in the year.

Letter to the Minister

The Honourable Susan Sullivan
Minister of Human Resources, Labour and Employment

Dear Minister Sullivan:

As Chairperson of the Workplace Health, Safety and Compensation Commission (the Commission), I hereby submit the 2009 Annual Performance Report in accordance with the Government's commitment to accountability. The report was prepared under my direction and in accordance with the *Transparency and Accountability Act* and the Guidelines for Category 1 Annual Performance Reports.

The report itself presents the achievements and outcomes of the Commission's 2009 objectives, as well as future opportunities to support its commitment to providing services to injured workers and dependents, employers and the public through the administration of the *Workplace Health, Safety and Compensation Act*.

As Chairperson, my signature below is indicative of the Board's accountability for the preparation of the Commission's 2009 Annual Performance Report and the achievement of the goals and objectives as reported.

Ralph Tucker
Chairperson, Board of Directors
Workplace Health, Safety and Compensation Commission

May 6, 2010

Date

Message from the Board Chair

In 2009 the Workplace Health Safety and Compensation Commission continued to make significant progress through the second year of its three year strategic plan. The Board of Directors commends and applauds the Commission's management team on the solid achievements through the past year and we are confident that the operational team will deliver on its remaining goals by the end of 2010.

The four major goals of the 2008-2010 strategic plan are to increase injury prevention awareness; continue to improve client service; continue to develop sound financial policy and control; and overall, become more responsive to all of our clients and stakeholders. We have met and continue to exceed those goals.

2009 was a year mixed with great gains and terrible losses. We saw the lowest lost time incidence rate in over a decade while at the same time witnessed the worst fatality rate in over two decades. Our hearts and minds are with all who experienced suffering or loss in 2009 and emphasize once again there is still much work to be done.

The key to eliminating the pain and suffering of workplace injuries is prevention. The Commission continues to focus on the strategic area of injury prevention which result in the reduction of human and financial costs to workers and employers of this province.

Our young and new workers remain our most at-risk employees, so we have increased our focus and attention both in the areas of workplace safety knowledge and workplace safety education. This ensures our youth have the necessary safety skills when entering the workforce.

Our social marketing campaign and our high school youth game show are initiatives which increase safety knowledge. Our high school safety programs continue to provide strong education to those who have the opportunity to participate.

For the past five years, over 1,000 young workers have been injured every year in Newfoundland and Labrador. In 2009, only 743 young workers were injured and while that number is still not acceptable, we believe it represents increased awareness amongst youth about staying safe at work.

Sectoral councils are essential with respect to industry safety. We now have our second provincial safety sectoral council. The forestry sector is congratulated for focusing on safety while at the same time dealing with a downturn in their industry. Commission staff and our two sectoral council advisors have

contributed greatly to this new sector success and they are commended for their effort. We look forward to additional sectoral council development in 2010.

Our PRIME employer incentive program now covers more than 14,000 employers. This responsive program recognizes employers for positive safety practices and injury experience with financial incentives. In 2009 we saw an increase in the number of employers participating in PRIME. As the program continues, we expect to see increased employer participation and further improvements in overall injury rates and claims costs for participating employers. The PRIME program also enhances safety awareness in the province. We now have approximately 3,000 workplace Occupational Health and Safety (OHS) committees in Newfoundland and Labrador and more than 29,000 workers who have received OHS training and certification.

Our focus on occupational disease has resulted in the creation of a new committee of the board with a mandate to oversee occupational disease initiatives relating to workers in our Province. The Baie Verte Miners' registry and the formal partnership with IRRST, a world renowned research group, are some of the initiatives already sanctioned by this committee.

Our Client Service Office continues to provide tremendous assistance to injured workers and employers and has helped increase our level of customer service for all our clients and stakeholders.

The Commission recognizes that efficient administration and competitive assessment rates reflect best practices that support financial sustainability.

The latest provincial government statutory review required that the Commission conduct annual benefit reviews which were completed this year. We are pleased to continue to provide the full range of benefits to our injured workers.

We provide coverage for 98 percent of employees in our province which is greater than any other jurisdiction in Canada. In addition, we cover more industries with high risk factors than most other jurisdictions in Canada. This is indeed a benefit program we are proud to endorse and support.

We also reviewed funding policy guidelines and were able to maintain the average base assessment rate at $2.75 per $100 of assessable payroll. The Commission has narrowed the gap between the average rate in Atlantic Canada and this province, from 60 per cent a decade ago to just 20 per cent today. While we recognize there is still work to be done, this is a strong improvement and it gives our employers a more level playing field with their Atlantic based competitors.

Provincial health care costs continue to rise and treatment options constantly increase. All health care costs for injured workers are paid by the Commission, not MCP, therefore oversight in these areas is vital to maintaining financial control. The Commission has reached memorandums of understanding with our major health care providers which reduces the risk of runaway health care costs and financial instability. These agreements lower the risk of a reduction in benefits or an increase in assessment rates for our stakeholders.

We are proud of our successes in 2009 and we would like to take this opportunity to thank our stakeholders; employers; workers; Commission management and staff; and government for your continued support in our efforts to provide quality service to the people of our province. Destination safety is everyone's responsibility.

Ralph Tucker
Chairperson, Board of Directors
Workplace Health, Safety and
Compensation Commission

Message from the CEO

Year of Tragedy.

2009 will be remembered as a year of tragedy for workers in Newfoundland and Labrador. The number of accidental workplace fatality claims reported in the year was 25, the highest in 20 years. Workplace fatalities include 17 individual lives lost with the March 12 Cougar helicopter crash (of these losses, 13 fatality claims are reported in 2009 statistics, as claims filed and accepted with the Commission). Together with these sad losses there were five fishing-related fatality claims reported in 2009, two in construction, two in aviation, and three related to previous workplace injury or illness.

One workplace fatality is one too many. As we mourn the loss of so many, we must remember to take all steps and precautions in our workplace procedures, particularly in high risk areas, to ensure a year like 2009 never happens again. We must never be complacent with the nearly 4,000 workplace injuries reported last year, many of which were serious. The key to future safety is understanding how every incident occurred and how to prevent them.

While any accident, occupational disease or fatality is of great concern, it is still important to recognize how our prevention measures have resulted in the elimination of workplace injuries, occupational disease of the future and fatalities.

In 2009 Newfoundland and Labrador recorded the lowest number of workplace accident claims in half a century. For the first time in more than 50 years, the number of lost time claims dipped below 4,000. By comparison, the number of earnings loss claims two decades ago was above 10,000. The number of injuries has declined steadily over the past decade, despite increasing overall employment numbers in recent years.

This represents a significant accomplishment for the workers and employers of this province and I congratulate and commend all those who took the initiative to make their workplaces safer.

Recognition of the record reduction in lost time incidence rates and the number of new injuries tells us we are on the road to safety.

It also means that a safety culture is firmly taking hold in this province. It means a safe return home for tens of thousands of workers who may not have been so fortunate if we had not embraced safety in the workplace. It means approximately $360 million in benefits not paid and medical bills not incurred, if the lost time incidence rate had not declined as steadily as it has over the past decade.

Labour, employers, the Commission and government have partnered over the decade to develop better safety standards, programs and actions that have resulted in the province's lost time incidence rate moving from eighth place in the country to third. Safety is undoubtedly everyone's responsibility and it's evidenced in the workplace's occupational health safety management, disability management and implementation of safe work practices.

Live Safe. Work Safe.

One of the ways we can take our emerging safety culture to the next level is to consider workplace safety an around-the-clock job. Being safe at work requires a healthy life balance. Arriving at work rested, relaxed, yet focused and healthy, contributes to lower risk of injury while at work.

In addition, home life and work life are becoming less distinct. Cell phones, computers and flexible schedules mean more of us are doing work away from the office. We should employ the same ergonomics practices, lifting techniques and safety checklists at home as we do at work.

Work to Recover.

If an injury does occur, many of the Commission's programs are designed to help injured workers get back to work safely and to improve their overall quality of life.

As with the development of a safety culture, these programs succeed through team efforts and cooperation from employers, workers, health care providers, the Commission and other stakeholders. Work to recover teams will generate return to work plans suited to an individual's circumstances and workplace, better ensuring its timely success.

Early and safe return to work (ESRTW) is one of the Commission's most important programs. Independent research indicates that early and safe return to work is important in increasing life satisfaction indicators after an accident. ESRTW helps employees remain confident, connected and up to date on changes in the workplace. For employers, a returning worker keeps experience and knowledge in the workplace, and helps maintain productivity and morale.

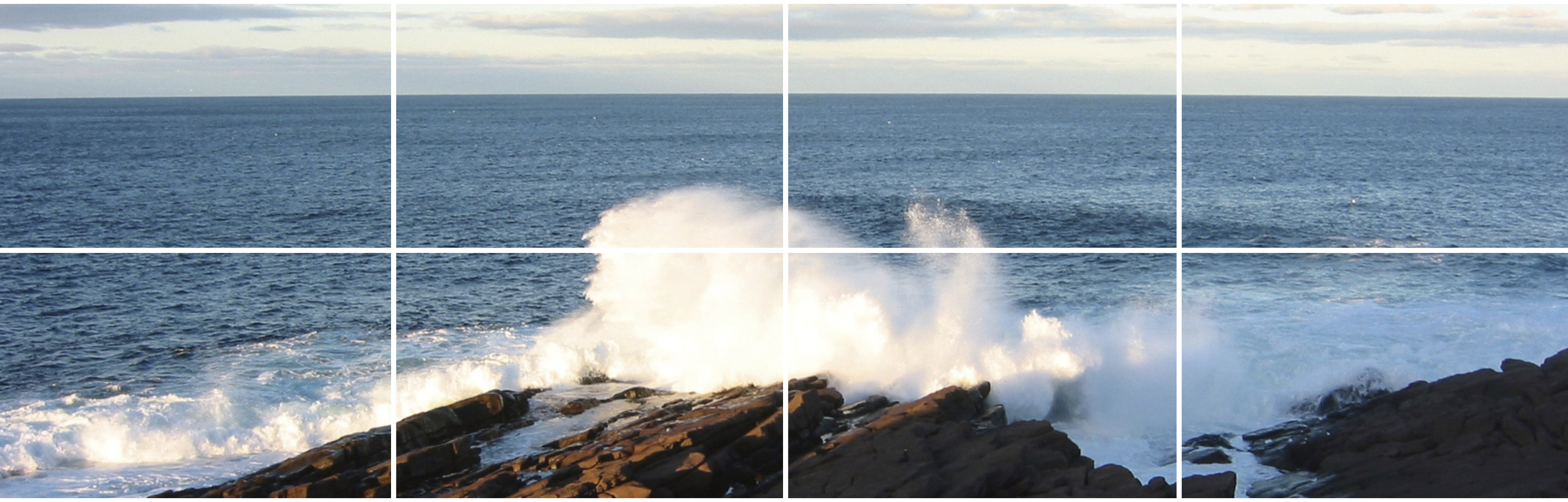
I am pleased to note that a comprehensive review of the ESRTW program was initiated in 2009. This review will result in important enhancements to this program.

I am also pleased to report that the Commission's labour market re-entry (LMR) program underwent significant evaluation in 2009. Important work continues on the development of a quality improvement plan for LMR services. The refreshed LMR program will provide greater flexibility in the evaluation of a worker's labour market re-entry options, ensure LMR planners conduct a comprehensive analysis of labour market re-entry options, and create a framework to monitor the labour market re-entry program.

In 2010, as we implement a new claims management model, we look forward to the deliverables that will improve process and quality assurance for all claims management programs.

It has been an honour to serve as CEO of the Commission again in 2009. It is with utmost respect and admiration that I work with the Commission's dedicated and talented workforce that serves the workers and employers of our province.

Leslie Galway
Chief Executive Officer
Workplace Health, Safety and
Compensation Commission



Board of Directors

Darren Roberts George Kean Jack Parsons Grant Barnes Peggy Roche Derek Hiscock Louise Ade Elizabeth Forward

Leslie Galway Ralph Tucker

Board Chairperson:

Ralph Tucker

Ex-Officio Members

Chief Executive Officer:

Leslie Galway

Assistant Deputy Minister, Occupational Health & Safety, Department of Government Services:

Kimberly Dunphy

(photo unavailable)

Worker Representatives:

Louise Ade
Grant Barnes
George Kean

Employer Representatives:

Elizabeth Forward
Jack Parsons
Darren Roberts

Public Representatives:

Peggy Roche
Derek Hiscock

Senior Executive Team

Eric Bartlett | Paul Kavanagh | Chris Rodgers | Helen Kavanagh | Tom Mahoney | Glenda Peet | Ann Martin | Chris Flanagan

Leslie Galway

Front row:
Chief Executive Officer
Leslie Galway

Executive Director, Corporate Services
Eric Bartlett

Chief Financial and Information Officer
Paul Kavanagh

Executive Director, Employer Services
Chris Rodgers

Executive Assistant
Helen Kavanagh

Executive Director, Worker Services
Tom Mahoney

Director, Human Resources
Glenda Peet

General Counsel and Corporate Secretary
Ann Martin

Director, Communications
Chris Flanagan

Client Service Office Report

The Client Service Office (CSO) officially opened its doors on March 5, 2008. The office is an independent, neutral and confidential resource for injured workers, employers, service providers and authorized representatives. The CSO receives, investigates and resolves issues related to client service. The CSO also monitors and tracks service issues with the intent to recommend changes that will enhance service for all clients.

The Client Service Office addresses the following issues:

- Timeliness of adjudication, payments or referrals
- Accessibility
- Fairness and consistency of policy or procedure
- Communication
- Staff conduct
- Employer account issues

Issues outside of the mandate of the Client Service Office include:

- Decisions currently under appeal or issues with the right of appeal
- Non-service related issues
- Interpretation of decisions
- Enforcement of any recommended changes to the *Workplace Health, Safety and Compensation Act* (the *Act*) & Regulations
- The actions of any organization other than the Commission
- Issues arising from decisions made more than one year later

Length of time for CSO resolution of files

In 2009 the CSO received and resolved 289 inquiries, with 333 issues identified. Approximately 90 per cent of the inquiries received were from injured workers and 97 per cent of the issues were resolved within nine business days.

0-9 business days	**280 files (96.9%)**
10-19 business days	**8 files (2.8%)**
20-39 business days	**1 files (0.3%)**
40+ business days	**0 files (0%)**

Note: Some files have multiple issues.

Service Issues

In 2009 the Commission served more than 12,000 injured workers and over 17,000 employers.

Accessibility of staff	**117 files (35.2%)**
Timeliness of adjudication, payment or referrals	**101 files (30.3%)**
Fairness and consistency of policy or procedure	**42 files (12.6%)**
Communication	**33 files (9.9%)**
General inquiries	**27 files (8.1%)**
Staff conduct	**7 files (2.1%)**
Employer account issues	**6 files (1.8%)**

The goal of the Client Service Office in 2010 is to continue to work with staff and clients to identify service issues and make recommendations that will improve service for all our clients.

The CSO will also continue to promote and increase awareness of the Client Service Office and its mandate. The CSO will continue to track and monitor the progress of issues on a monthly basis and communicate to the Corporate Services Committee of the Board on a quarterly basis and to the Board of Directors annually.

The Client Service Office looks forward to working with staff and clients in the upcoming year.

Overview

Mandate

The Commission provides services to employers, injured workers and dependents, and the public through the administration of the *Workplace Health, Safety and Compensation Act* (the *Act*). These services include the promotion of workplace health and safety in order to prevent and reduce workplace injuries and occupational disease. The Commission also ensures injured workers receive the best care possible and benefits to which they are entitled, recover from their injuries, and return to work in an early and safe manner. In addition, the Commission must ensure adequate funding for services through sound financial management.

Vision

The vision of the Commission is of safe and healthy workplaces within a viable and sustainable insurance system which reduces the impact of workplace injuries by providing the highest level of service to workers and employers.

Mission Statement

By December 31, 2010, the Commission will have improved client service to support the prevention and management of workplace injuries, illnesses and known occupational disease.

Values

Transparency. Each individual will work to ensure programs and services are easy to access and understand and decisions and actions are clear, reasonable and open to examination.

Compassion. Each individual will treat each other and those they serve truthfully, fairly and with care and empathy.

Accountability. Each individual will be responsible for their actions and performance.

Teamwork. Each individual will support each other and work collaboratively to ensure the Commission fulfills its mandate.

Leadership. Each individual will perform their roles and responsibilities and will work towards being a recognized leader in their position; and each individual will initiate and promote improvements in how they serve others and work together.

Lines of Business

The Commission has three lines of business:

- Education on the prevention of workplace injuries, illnesses, and occupational disease.
- Injured workers' claims management.
- Employer assessments (insurance coverage).

Functional Areas

The Commission's lines of business are supported by four main functional areas:

- Employer Services – prevention and assessment services.
- Worker Services – compensation and health care services.
- Corporate Services – communications, corporate governance and planning, human resources, internal audit, legal and investigations.
- Financial Services – finance and information technology services.

Refer to the Workplace Health, Safety and Compensation Commission 2008 – 2010 Strategic Plan for further details on the Commission's mandate and lines of business. Go to www.whscc.nl.ca/HOME_AnnualReports.whscc

Shared Commitments

Safety in the Workplace

Safety in the workplace is a shared responsibility. Government plays an important role by establishing the strategic direction of the Commission to support this mandate and to guide the Commission in moving forward with its strategic initiatives. The Commission maintains strong and effective partnerships with the Department of Human Resources, Labour and Employment, the Occupational Health and Safety Branch of Government Services, and the Labour Relations Agency so that together, greater gains towards workplace safety and improved service to clients can be achieved. This shared commitment to safety facilitates the promotion of a province-wide safety culture as all our partners work with their stakeholders and the public on issues of workplace safety.

Government Approved Legislative Amendments

In May 2009, government passed Bill 7 to enact amendments to the *Workplace Health, Safety and Compensation Act* (the *Act*) to support the legislative changes consistent with government's action plan in response to the 2006 statutory review recommendations. These amendments included changes to the composition of the Board of Directors that would allow one representative of injured workers, one representative of employers to be recommended by the Newfoundland and Labrador Employers' Council and one representative of workers to be recommended by the Newfoundland and Labrador Federation of Labour. Bill 7 also extended the workplace health and safety duties to provide services to Workplace Health and Safety Designates in line with the *Occupational Health and Safety Act*.

A legislative amendment was made to section 89.1 of the *Act* to change the start date of an employer's two year re-employment obligation from the date of injury to the date the worker is disabled or loses time from their job. This is a more favourable application of the re-employment obligation which supports the principles of early and safe return to work programming.

Occupational Health and Safety Regulations

Changes to the Occupational Health and Safety (OHS) Regulations came into force on September 1, 2009, replacing regulations that had been in place for over 30 years and expanding the legislation from 187 to 518 sections. The Commission works closely with the OHS Branch of Government Services to review OHS regulations and supports the development of related certification training standards. The Commission will be phasing in several training standards over the next three years related to traffic control (2011), fall protection (2012) and working in confined space (2013).

Occupational Disease Advisory Panel

In keeping with government's action plan in response to the 2006 statutory review recommendations, the Commission made significant progress with the creation of an Occupational Disease Advisory Panel (ODAP) to provide oversight on occupational disease matters. To support this initiative the Commission signed a memorandum of understanding with Quebec's Institut de recherche Robert-Sauvé en santé et en sécurité du travail (IRSST), renowned leaders in occupational health and safety research. More details on this initiative are provided in the "Highlights and Accomplishments" section of this report.

Promoting Sectoral Council Development

The Commission supports the development of sectoral councils as an effective means of promoting all aspects of occupational health and safety and return to work. Industries working towards the establishment of a sectoral council may be eligible for funding from the Commission to assist with exploring the feasibility of a sectoral council. The Commission's sectoral advisors are also available, through the Newfoundland and Labrador Federation of Labour and the Newfoundland and Labrador Employers' Council, to provide expert advice and support to help industry groups advance their efforts in this area. As noted in the "Outcomes of Objectives" section of this report, the forestry sector has been making good progress with the Forestry Safety Association of Newfoundland and Labrador (FSANL) sectoral council.

Other industries are making progress towards the establishment of safety sectoral councils. Stakeholders in the municipal sector have formed a municipal governance committee to develop the business case for a safety council.

The Commission has also been working with representatives from several other industry sectors, including the fishing industry, several regional health care authorities and service industry groups, to further promote interest and development of sectoral councils.

Continuing Red Tape Reduction (Regulatory Reform)

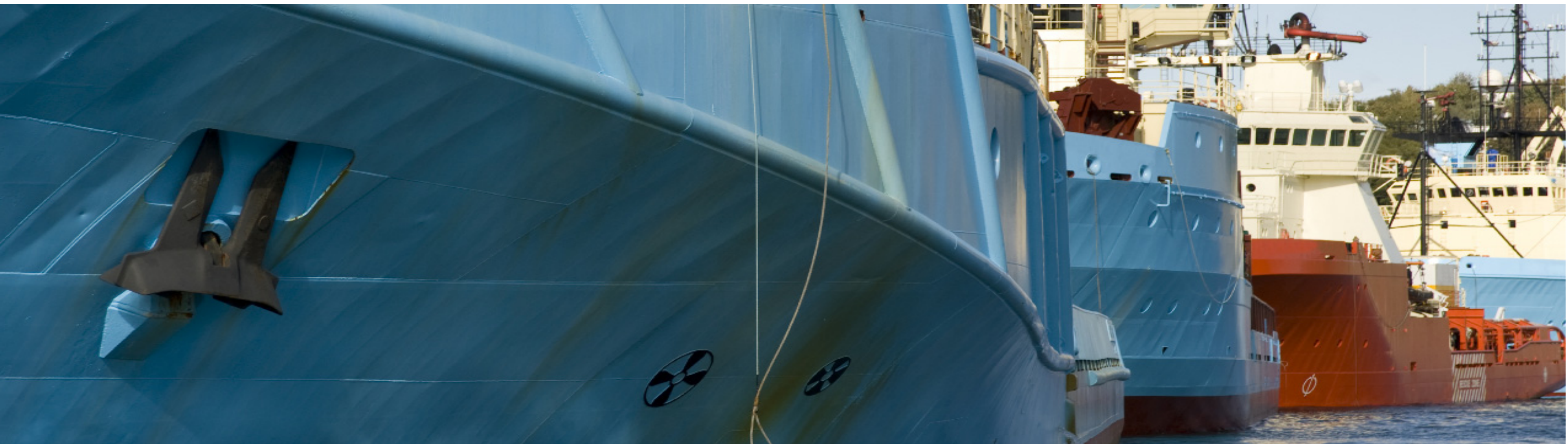
The Commission has been participating in government's Red Tape Reduction Initiative since 2005 and was pleased in March 2009 to attain its targeted 34 per cent red tape reduction. This was achieved through a number of improvements such as changes to technology, forms and other business processes.

Throughout 2009, the Commission maintained its 34 per cent reduction in red tape and continued to seek ways to improve client service. In the fourth quarter, the Commission developed a Regulatory Improvement Plan to guide its client service improvement initiatives into 2010 as regulatory reform is now a permanent function of government. Expanding web services, continuing implementation of the claims management model and supporting employers to succeed under PRIME are areas where the Commission will continue to focus its efforts.

The Commission continues to monitor its red tape count to ensure the principles of red tape reduction (such as efficiency, transparency and plain language) are followed. Ongoing reviews of existing processes are conducted to identify improvements, redundancies or unnecessary regulations. The Commission remains dedicated to red tape reduction and regulatory reform.

Enhancing Privacy

Privacy legislation in recent years has increased public awareness and expectations of privacy. The Commission is working on several initiatives to ensure that it meets these expectations and legislative requirements. The Commission's Privacy Steering Committee meets quarterly to determine priorities and provide leadership and direction with respect to privacy initiatives. Initiatives in 2009 include the introduction of identity verification procedures, staff training on legislation and breach protocols, ongoing enhancement of the privacy culture within the Commission and preparation for the new *Personal Health Information Act* (PHIA).



Working Together with our Stakeholders

The Commission continues to maintain communication with its stakeholders and provides opportunities for input and collaboration on various strategic and operational issues. In January 2009, the Board of Directors approved a new funding policy following consultation with key stakeholders in 2008. A privacy policy "Information Protection, Access and Disclosure" was approved in June 2009 with input from the Newfoundland and Labrador Federation of Labour and the Newfoundland and Labrador Employers' Council, and guidance from government's ATIPP Office.

The Board of Directors held an information session with stakeholders in June 2009 to provide updates on finances, annual review of benefits, occupational disease issues and the statutory review process. In November 2009, stakeholders were asked to provide feedback on the labour market re-entry program, as well as key performance indicators that would be considered in the review of the claim duration strategy. Further consultation is planned on many of these issues as the Commission works towards common goals and exchanges information and ideas on opportunities for improvement.

Highlights and Accomplishments

The Commission continued to expand and enhance programs and services for workers and employers in 2009 while maintaining staffing at consistent levels.

Prevention

The Commission's goal is to have every worker in this province return home safely at the end of each working day. Therefore, injury prevention remains the most critical element of the Commission's long term planning. The Commission believes that all workplace injuries are preventable and as such, significant effort will continue to be devoted to providing injury prevention support and programs as the injury rate continues to decline. The lost time incidence rate remained steady in Newfoundland and Labrador at 1.9 lost time injuries per 100 workers, the lowest level ever recorded in the province.

The continuous decline of the incidence rate over the past decade is indicative of a shared safety culture among employers, workers, sectoral councils and the Commission. The following prevention initiatives helped reinforce that trend in 2009.

PRIME

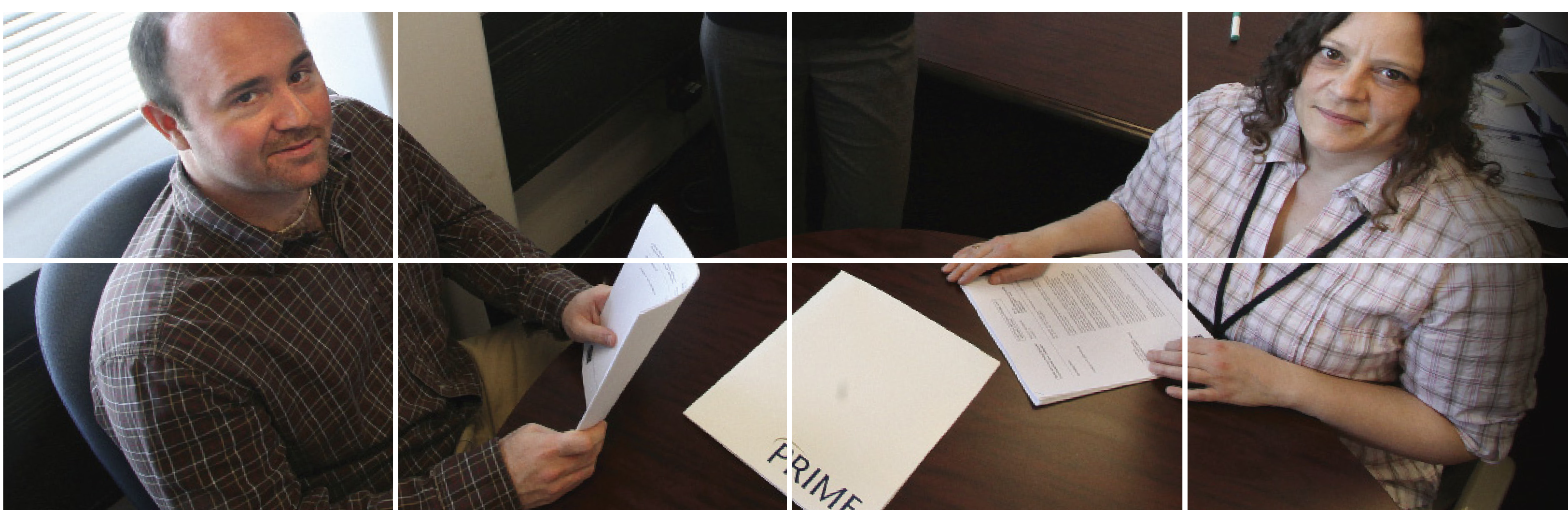
PRIME is the Commission's employer financial incentive program. PRIME enables employers to qualify for financial incentives based on their compliance with certain health and safety and return to work practices. PRIME also holds employers more financially accountable for their workplace injuries. Employers who meet all the practice incentive criteria under the applicable policy will receive a five per cent practice refund. Employers with low claims costs can receive experience refunds while employers with high claim costs receive experience charges. These financial incentives are applied after the Employer Payroll Statement has been processed and verified by the Commission.

In 2009 14,150 firms were validated for practice incentives, approximately 3,600 of which qualified for practice refunds. The total practice refund granted to firms in 2009 was $3.3 million.

The number of firms considered for an experience refund in 2009 was approximately 13,000, of which 3,050 qualified for refunds. The total experience refund granted in the year was approximately $5.0 million, while the total experience charge levied during the year was $4.8 million.

Outreach Program

The Commission's outreach program provides regular updates on key Commission initiatives to audiences across the province. During the year the Chief Executive Officer and Board Chairperson met with 23 groups across the province to present information on injury prevention, PRIME requirements, safety management,



early and safe return to work, labour market re-entry and other issues as requested by stakeholders. The goal of the program is to promote the work of the Commission and demonstrate how all parties have a role to play in ensuring a healthy and safe workplace.

Learning Symposium

In October the Commission hosted the annual week-long Learning Symposium for the Association of Workers' Compensation Boards of Canada, the major professional event for workers' compensation boards in Canada. The symposium was delivered by a team of Commission volunteers in St. John's and was rated very highly by the delegates attending the event. A two-day Board of Directors' Governance session focused on governance issues such as dealing with management, boardroom dynamics and board challenges. The Learning Symposium focused on challenges and opportunities facing workers' compensation boards over the next decade. The Symposium program was based on the business of workers' compensation, prevention, matching services to clients' needs and occupational disease.

Game Show

Young workers represent a critical audience for prevention initiatives as they are at a higher risk of injury as they enter the workforce and are essential in the establishment of a safety culture in the province. To help reach this audience, the Commission created SAFE Work NL's *Who Wants to Save a Life*, a TV-style game show that educates high school students about workplace health and safety and workers' rights. Developed by the Commission in partnership with the Department of Education and Futures in Newfoundland and Labrador's Youth (FINALY!), the game show enjoyed a highly successful season last year with more than 2,000 students participating. As part of the program, students also attended a health and safety workshop to further increase awareness of occupational health and safety. The season's champion was Lewisporte Collegiate, which won the final game on May 7 against runner-up Elwood High of Deer Lake. The tremendous success and popularity of the game show led to a second season in 2010.

CEO Leadership Charter

The Commission launched its CEO Leadership Charter initiative in 2007, recognizing that shared responsibility and greater

AWCBC Keynote Speakers *Terry Bogyo*

Retired General Rick Hillier *Dr. Devra Davis* *Alice Peters* cooperation among all stakeholders help foster a culture of health and safety. Business leaders and leading administrators from across the province have signed the charter to demonstrate their role in that shared commitment and their support of the principle that a healthy and safe workplace is good business.

The Charter continued in 2009 with the number of signatories reaching 53. As ambassadors for safer workplaces, the CEO Leadership Charter signatories have demonstrated their commitment to the prevention of accidents and promotion of health and safety in the workplace. It is important for business leaders to champion occupational health and safety initiatives in the workplace in order to reduce the human and financial toll of workplace injuries. The Charter highlights the need for business leaders with excellent safety records to share their best practices and promote the benefits of a safe and healthy workplace.

Assessments

The Commission maintained the average base assessment rate at $2.75 for employers for 2010, and increased the maximum compensable and assessable earnings limit from $50,379 to $51,235. The assessment rate is the rate paid by employers to cover forecasted claims costs and the cost of administering the workers' compensation system. It is based on the industry group in which employers are classified and the cost experience of the group.

While the average assessment rate remains unchanged, an estimated 58 per cent of employers experienced a rate decrease, while 42 per cent either remained the same or experienced an increase based on industry group performance. For 2010, the maximum increase or decrease will not exceed 20 per cent. The increase in maximum compensable and assessable earnings is based on the consumer price index (CPI) and represents a 1.7 per cent increase for 2010. Any worker whose pre-injury earnings were at or above the new maximum compensable limit will be compensated based on the new limit effective January 1, 2010.

Also in 2009 the Commission commenced a program to increase promotion of its interest-free deferred payment plan for small and medium employers. The result was a significant increase in the number of employers opting for the plan and a commitment by the Commission to explore additional improvements to the plan in the future in order to further improve payment flexibility and the overall equity of the plan.

Occupational Disease

During 2009 the Commission launched a new occupational disease initiative to broaden the medical and scientific knowledge required to determine entitlement to compensation for workers and families impacted by occupational disease.

On October 14, the Commission announced the creation of an Occupational Disease Advisory Panel (ODAP) to provide oversight on occupational disease matters and to address government's action plan as it relates to occupational disease in the province. Panel members include the Commission's chairperson and worker and employer representatives from the Commission's Board of Directors.

Subsequent to the creation of the ODAP, the Commission reached an agreement with the Institut de recherche Robert-Sauvé en santé et en sécurité du travail (IRSST), a renowned leader in the area of occupational health and safety research. IRSST has its first project a medical and scientific review of the literature pertaining to cancer among shipyard workers. The research project is being funded by the Commission's existing research budget.

The creation of the ODAP and the partnership with the IRSST allows for the transfer of key medical and scientific knowledge to health care professionals, the Commission and other parties with an interest in occupational disease. The initiative represents a proactive, knowledge-based approach which will provide access to the best scientific and medical advice and evidence available to support the timely and effective resolution of claims for occupational disease.

Improved Web Services

During the year the Commission completed the development phase of a new interactive, online version of the employer report of injury form, Form 7. The online form offers a convenient, secure method for submitting workplace injury information. The online Form 7 provides employers with real-time prompts based on data inputs to provide a faster, error-free way of completing the form. The program also features a built-in spell-check and immediate confirmation of submission. The electronic form will reduce the need for follow up thereby ensuring quicker claims adjudication and reduce the administrative burden for both employers and Commission staff. The online Form 7 is accessed through the Commission's existing Connect service for employers.

Occupational Health and Safety Regulations

Amendments to the provincial Occupational Health and Safety Regulations, Section 374 (5), in September 2009 require that persons who conduct traffic control after January 1, 2011 must complete a traffic control training program prescribed by the Commission.

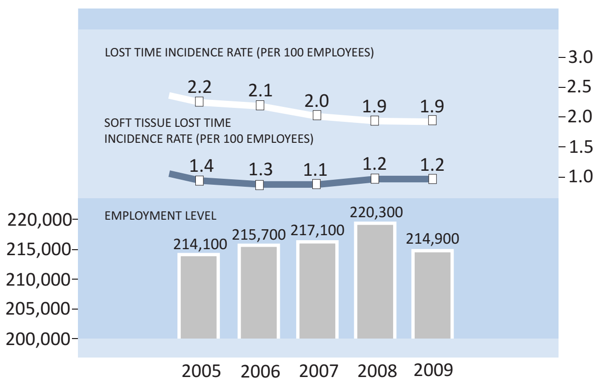
The Commission has the authority and responsibility to approve training programs and develop certification as required by the *Act*. Training standards will ensure the development and implementation of consistent programs that will help employers and workers improve construction safety, specifically in high-risk activities associated with traffic control. From January 1, 2004 to December 31, 2009, the Department of Government Services OHS Branch issued 546 directives to employers regarding traffic control contraventions of the *OHS Act*. These directives include ineffective traffic control techniques and inadequate training for traffic control persons.

Subsequent to the legislative changes, the Commission developed certification and training standards and embarked on a recruitment and information campaign to ensure all training facilities in the province would be aware of the changes and would have an opportunity to be considered for certification. The Commission anticipates that a sufficient number of competent, qualified training facilities will be certified and ready to train the required number of traffic control persons in the province before the January 1, 2011 deadline.

The Commission has also begun drafting training certification and curriculum requirements to address additional amendments to Occupational Health and Safety Regulations which take effect in 2012 and 2013.

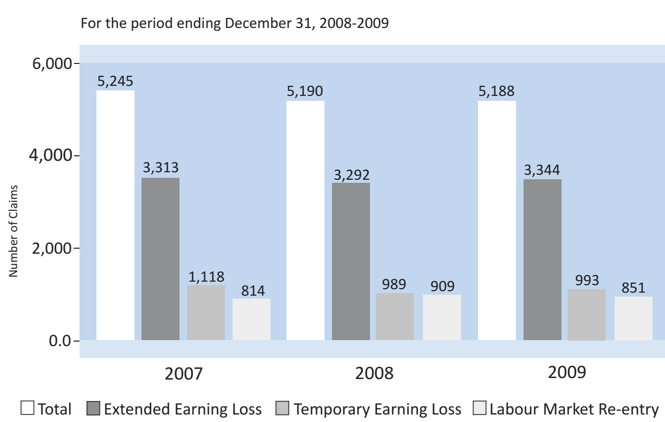
Key Statistics

Lost Time Incidence Rate 2005-2009
Soft Tissue Lost Time Incidence Rate 2005-2009
Employment Level 2005-2009



At December 31, 2009, the Commission served more than 17,000 employers and 12,000 injured workers. The Commission insured approximately 98 per cent of the provincial workforce of 214,900, representing one of the highest rates of coverage in Canada.

Caseload Distribution (active claims) 2007-2009



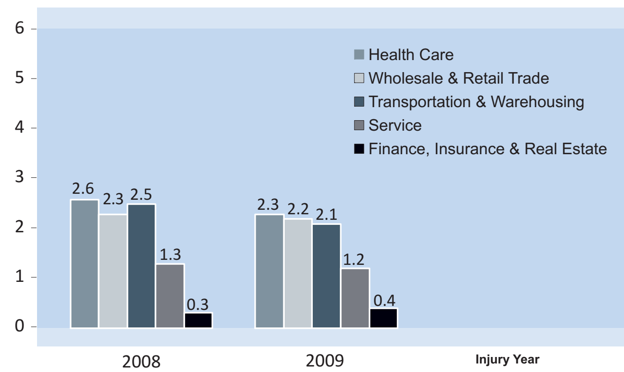
Lost Time Incidence Rate and Claims Reported

The lost time incidence rate is the fundamental driver of the workers' compensation system over the long term as it determines the volume of claims administered by the Commission. That rate remained steady at 1.9 claims per 100 workers employed in 2009. This represents the lowest rate ever recorded in this province. The lost time incidence rate has declined steadily over the past decade from a high of 3.2 in 2000. The decrease in the lost time incidence rate represents approximately 15,000 workplace injuries that did not happen and $360 million in claims costs that would have been incurred if the incidence rate had remained at 2000 levels.

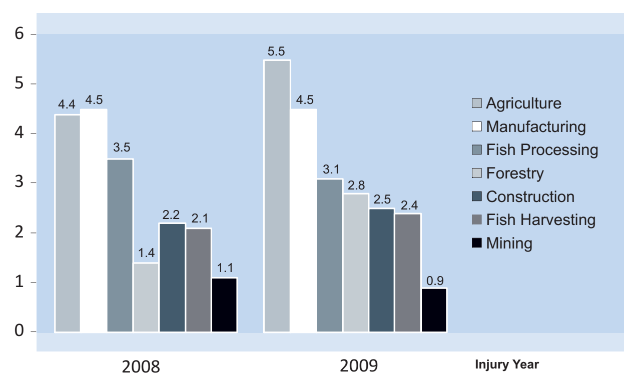
The total number of lost time claims reported in 2009 decreased from 4,255 in 2008 to 3,999. The number of health care only claims decreased from 3,139 to 2,335. The incidence rate among young workers declined to 1.8 per 100 workers, down from 2.0 a year earlier.

Despite decreases in the lost time incidence rate and the total number of claims reported in 2009, the total number of active claims from the current year and prior years remained virtually static, with the total caseload decreasing by just two, to 5,188.

Lost Time Incidence Rate by Industry (Service)



Lost Time Incidence Rate by Industry (Goods Producing)



Lost Time Incidence Rate by Industry

The agriculture sector reported the highest incidence rate in the province in 2009. However, with a small workforce of just 800 workers, the 44 incidents in this sector represent only one per cent of the total incidents in the province. The service sector, on the other hand, experienced the most lost time incidents in the province with 1,025, but had one of the lowest industry incidence rates in the province, at 1.2 per 100 workers.

Although the forestry sector experienced an increased incidence rate in 2009, the actual number of lost time incidents decreased to 28 from 31 in 2008. The incidence rate was impacted by a significant decline in the size of forestry sector workforce.

Health care and wholesale and retail trade experienced high incidence rates compared to other service industries in 2009, however; both saw a decrease in the total number of injuries reported. There were 801 lost time incidents in the health care sector, down from 843 in 2008 and 245 incidents in the wholesale and retail trade industry, down from 260 in 2008. In both industries the size of the workforce increased year over year.

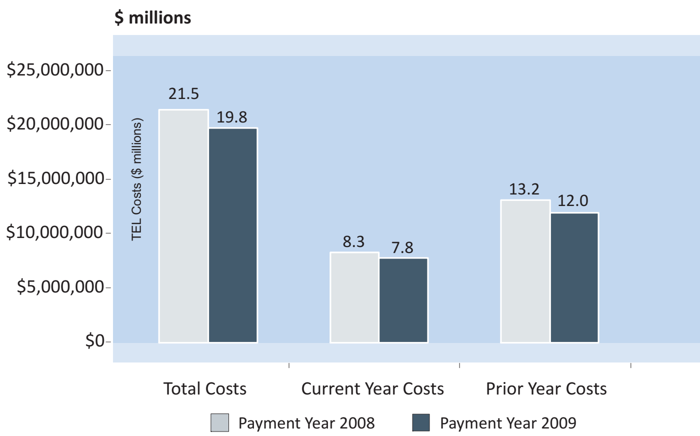
A high incidence rate in low employment sectors combined with a low incidence rate in high employment sectors requires the development and implementation of a variety of programs. The Commission administers several programs to address this situation. For example, the Priority Employer Program allows the Commission to delivery injury prevention services directly to employers with a higher risk of injury, while province-wide prevention workshops and the Outreach Education Program allow the Commission to reach large audiences in most industry sectors. For detailed information on these and other Commission programs, please see the Highlights and Accomplishments section of this report.

Financial Indicators

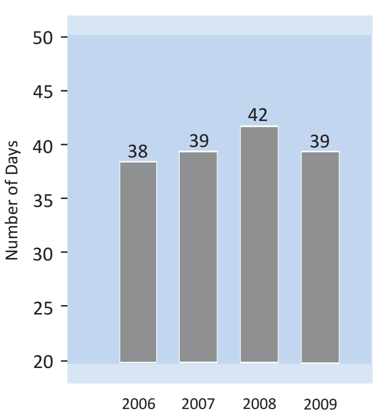
The Newfoundland and Labrador workforce contracted slightly in 2009. Actual average provincial employment decreased by 5,400 to 214,900. A decline in employment figures is not automatically associated with a decline in the lost time incidence rate or total claims figures. Over the past decade the lost time incidence rate declined consistently while employment levels rose.

While the provincial workforce contracted slightly in 2009, Commission revenue from rate-based employers increased 5.1 per cent, from $143.2 million in 2008 to $150.5 million in 2009. The increase was primarily due to an increase in

Temporary earnings loss costs (excluding self-insurers)



Average short term claim duration*



*Short term claims duration is defined as the number of days for which temporary earnings loss benefits are paid for injuries occurring in the same reference year.

employer assessable payrolls from $5.1 billion to $5.3 billion due to increases in payrolls for most industries.

The Commission also relies on investment income as a source of revenue. In 2009, the market rate of return on the Injury Fund was 18.1 per cent compared with a negative return of 17.5 per cent in 2008 due to the global financial crisis. While this turnaround is significant it is not yet sufficient to ensure the financial sustainability of the Injury Fund. At December 31, 2009 the Commission's funded ratio had recovered to 87.5 per cent from 77.3 per cent at the end of 2008. The increase in funded status is due mainly to the effect of the favourable market performance in 2009 as well as the Commission's adherence to its investment policy and strong oversight.

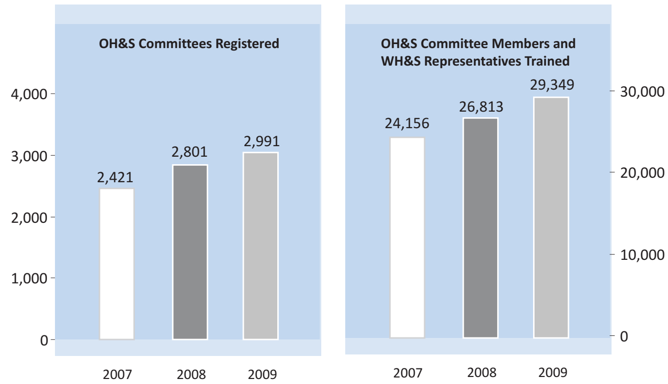
Claims Management

The total number of claims that were paid temporary earnings loss benefits during the year decreased 10.8 per cent from 2008 and the total value of those claims decreased 7.9 per cent, to $19.8 million. The total number of temporary earnings loss weeks paid in 2009 decreased 11.6 per cent from 2008. In addition, the short-term claims duration decreased to 39 days from 42 days in 2008. The Commission defines short-term claims duration to be the average number of days for which temporary earnings loss benefits are paid for injuries occurring in the same reference year.

During 2009 efficiencies in the claims registration system contributed to a decrease in the average time to first payment from 24 days in the first quarter of 2009 to 16 days in the fourth quarter. Time to first payment in the first quarter was higher than normal partly due to delays associated with the implementation of the new claims registration system.

The Commission is committed to identifying service improvements for its clients. The Commission continues to roll out key elements of the claims management model to improve service delivery to clients, reduce short term claims duration as well as contain growth in health care costs. The Commission's approach to managing claims focuses on improving processing efficiencies, supports more proactive case management and facilitates earlier intervention on claims. The Commission also supports its staff through training initiatives designed to improve client service and works closely with its stakeholders to benefit injured workers and employers.

OHS Committees



Prevention

Preventing workplace injuries is key to managing an effective workplace compensation insurance system. The Commission believes that devoting prevention resources to high-incidence industry sectors and employers represents an efficient use of resources and an effective way to reduce workplace injuries. Under the Commission's Priority Employer Program, employers with high injury rates, high costs or a high number of musculoskeletal injuries are offered assistance in developing and managing their occupational health and safety programs and improving the effectiveness and quality of return to work plans.

Year of Tragedy

The improvement in the lost time incidence rate was overshadowed by the devastation of 42 workplace fatalities recorded in 2009, which included 25 workplace accidents and 17 deaths from industrial disease. The 25 accidental deaths reported in the year was the highest figure in more than 20 years. By comparison, there were six accidental workplace deaths reported in 2008 and 17 deaths from industrial disease.

The March 12, 2009 Cougar helicopter crash claimed the lives of 17 workers, 13 of which are included in the 2009 fatality figures. In addition, there were five fishing-related fatalities, two in construction, two in aviation, two related to previous workplace injuries and one of contagious disease.

The Commission and all its staff and partners extend their sincere condolences to the families of all workers who lost their lives. The Commission believes that one workplace fatality is one too many and is committed to taking action to share best practices and increase prevention initiatives aimed at reducing the risk of workplace fatalities.

During 2009, the Commission's prevention department staff made 737 contacts with 263 firms in the Priority Employer Program, compared to 971 contacts to 267 firms in 2008. The decrease is attributed to staff vacancies and an emphasis on focused visits to high-incidence sectors in the latter half of 2009.

The number of Priority firm lost time claims for 2009 was 1,785, down from 1,968 in 2008. The number of Priority firm claims in the health care sector for 2009 decreased to 963 from 1,300 in 2008.

During the year the Commission delivered 73 prevention workshops to 1,612 participants and made 1,282 prevention services contacts with employers.

Key Statistics *continued*

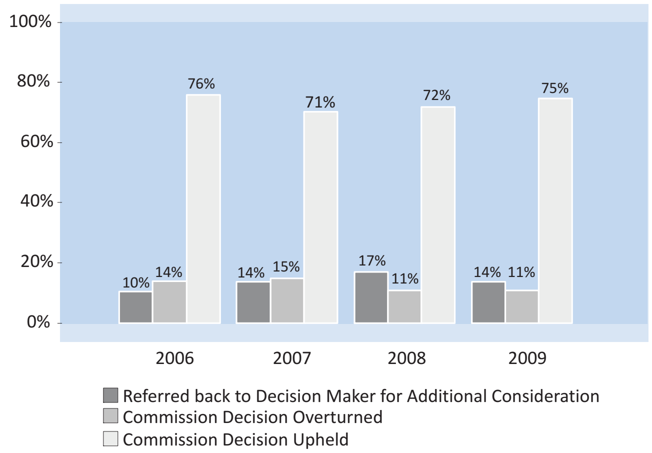
The Commission's goal is to have every worker in this province return home from work safely. For this to happen, every worker needs to know their rights, particularly young workers. Throughout 2009 the Commission continued to increase its marketing efforts to youth and to promote awareness of workplace safety and responsibilities to all audiences. Details of these initiatives are described in the Outcome of Objectives section of this report.

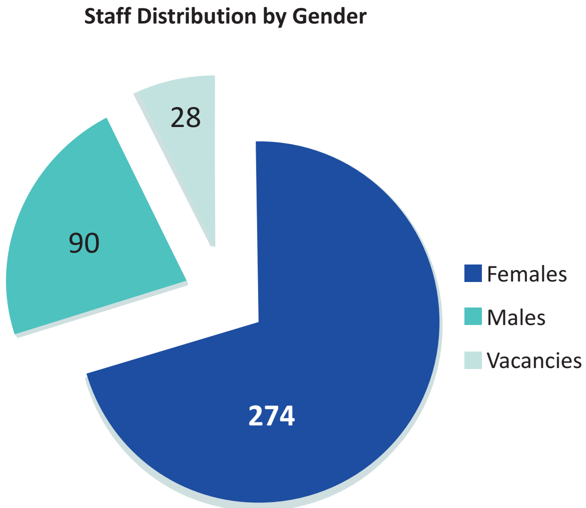
Internal Review

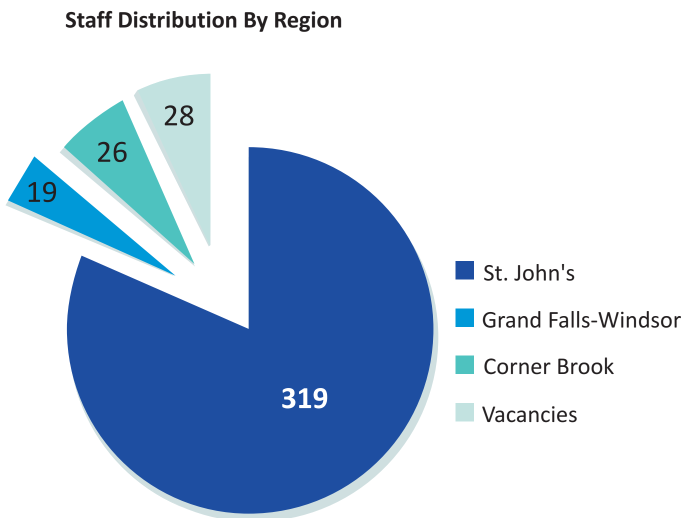
The Commission provides an opportunity for clients to request an internal review if they are dissatisfied with a decision regarding entitlement, benefits, services or assessments. The internal review process is available to both parties (workers and employers) and a decision will be finalized within 45 days of the request. In 2009, there were 1,240 new requests for internal review, of which 258 were cancelled either by the requesting party or through a triage process. The Commission's triage process allows a preliminary screening of a request to identify any errors, omissions or new information that will immediately impact the decision without having to go through the internal review process. Of the 989 decisions finalized by internal review, 75 per cent upheld the original decision.

If the party does not agree with the internal review outcome, they have the opportunity to request an external review by the Workplace Health, Safety and Compensation Review Division (WHSCRD). In 2009, WHSCRD received 323 requests and rendered 272 decisions. Following the 2006 statutory review, government recommended an evaluation of the internal and external appeals process. To prepare for the evaluation, the Commission completed a jurisdictional comparison of internal appeal processes to consider client service options.

Internal Review Decision Outcomes







Administrative Costs

Administration costs totaled $27.3 million in 2009 compared with $26.9 million in the previous year. The year-over-year increase of $0.4 million (1.6 per cent) compares with a $3.1 million increase in 2008. The increase was in part caused by wage and benefit increases resulting from the most recent wage settlement by the provincial government. For full details, please refer to the Management Discussion and Analysis section of this report.

Key Statistics *continued*

Lost Time by Part of Body & Accepted Claims by Type of Accident

Injury *(lost time by part of body)*	**2007**	**2008**	**2009**
Back, including spine, spinal cord	1,214	1,170	1,126
Multiple body parts	775	814	690
Leg(s)	327	298	301
Finger(s), fingernail(s)	387	343	270
Shoulder, including clavicle, scapula	295	319	266
Ankle(s)	203	217	234
Arm(s)	189	167	187
Wrist(s)	190	163	133
Hand(s), except finger(s)	188	159	128
Neck, except internal location of diseases or disorders	92	67	116
Face	109	113	115
Chest, including ribs, internal organs	121	103	97
Foot (feet), including toe(s)	133	115	94
Other	225	285	242
All Parts of Body	**4,448**	**4,333**	**3,999**

Accident *(accepted claims by type of accident)*	**2007**	**2008**	**2009**
Overexertion	1,372	1,265	1,094
Bodily reaction	745	803	624
Fall on same level	484	457	515
Struck by object	468	451	439
Fall to lower level	234	219	231
Struck against object	193	164	162
Other bodily reaction and exertion	89	82	164
Repetitive motion	205	216	155
Caught in or compressed by equipment or objects	198	165	151
Assaults and violent acts by person(s)	41	56	55
Contact with temperature extremes	70	71	57
Exposure to caustic, noxious, or allergenic substances	62	76	53
Water vehicle accident	53	65	47
Highway accident	60	58	43
Assaults by animals	6	6	11
Other	168	179	198
All Types of Lost Time Accidents	**4,448**	**4,333**	**3,999**

Opportunities and Challenges

The Global Economy

The Commission depends on assessment revenue and investment income to fund total expenses each year. Investment income is earned through the Commission's Injury Fund, which is affected by fluctuations in the Canadian economy and the global economy.

In 2009, the market rate of return on the Injury Fund was 18.1 per cent, one of the highest among workers' compensation boards in Canada. The injury fund return was negative 17.5 per cent in 2008, when all boards realized significant negative returns due to the global economic recession and financial crisis. While the positive turnaround in 2009 is significant, it is not yet sufficient to ensure the financial sustainability of the injury fund.

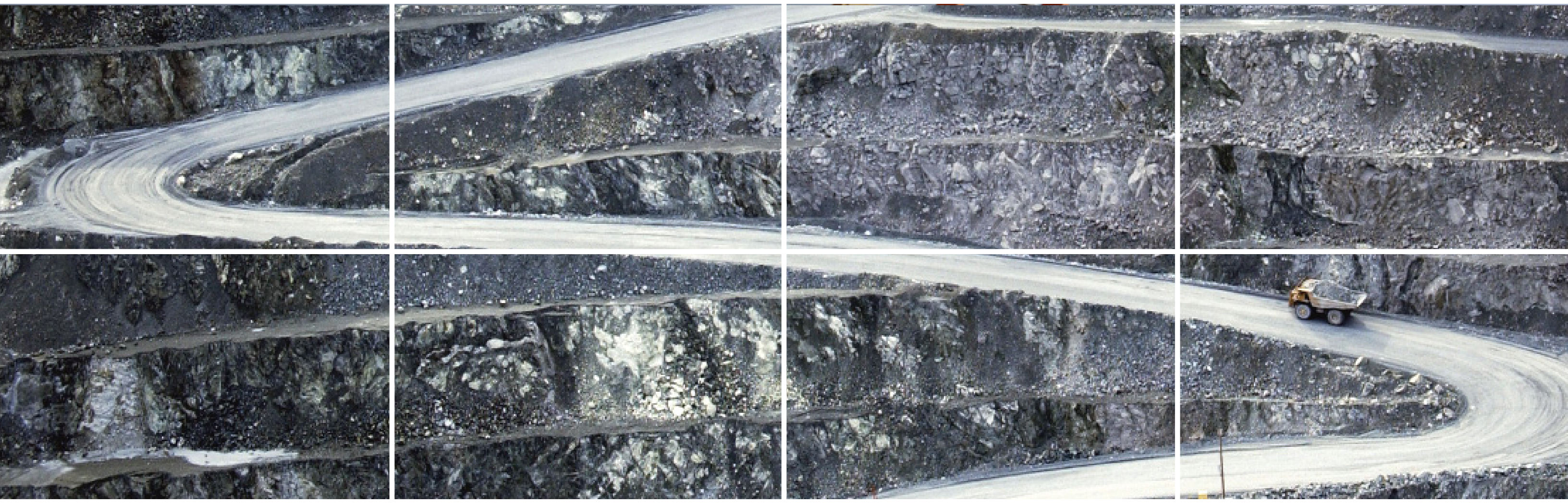
The Commission will continue to work closely with third-party expert fund managers to help ensure the best possible returns for the Injury Fund and to ensure the Fund meets the long-term requirement of the Commission and its stakeholders.

Assessment income is affected by economic conditions. During 2009 the number of workers employed in Newfoundland and Labrador decreased, primarily due to declines in forestry, mining, newsprint and seafood. Despite these challenges, the Commission recorded an increase in the overall assessable payroll base due to increased payrolls in construction, retail trade, health care and other industries. Government is forecasting the provincial economy will expand by 1.7 per cent in 2010 compared with the 8.5 per cent contraction estimated for 2009.

The Commission will continue to monitor local and global economic conditions and forecasts, and their impact on current and future revenues. The Commission continues to work toward reaching the Board of Directors' long-term goal of ensuring it is fully funded for current and future liabilities. The Board of Director's goal is to be in a position to better weather potential economic fluctuations by achieving a funded status of 110 per cent. At the end of 2009 the Commission's funded status had recovered to 87.5 per cent from 77.3 per cent at the end of 2008.

Baie Verte Miners' Registry

Also in 2009, the Commission continued to sponsor a registry project that recognizes past asbestos exposure for individuals working at the Baie Verte mine site. The Commission is working with the United Steelworkers and the Baie Verte Peninsula



Miners' Action Committee to collect data associated with work history and health status of workers employed at the mine site. The registry approach to occupational disease is the first for our province and unique in Canada.

The registry will enhance future service delivery for former employees and their families by preserving important health and employment information which will assist with any future claims for compensation related to asbestos exposure. The Commission and its working group partners are committed to completing the Baie Verte Miners Registry project for the benefit of the workers employed at the Baie Verte mine site and their families.

Work to Recover

Early and safe return to work (ESRTW) legislation was introduced following a task force review in 2002 based on stakeholder consultation. The founding legislative provisions created a self-reliant model for the province's employers and workers based on a mutual duty to cooperate. Ensuring an early and safe return to work for injured workers is one of the most critical challenges for the Commission.

A successful return to work plan requires commitment and involvement of all workplace parties including employers, injured workers, supervisors, worker representatives, local union officials, health care providers, joint health and safety committees and the Commission.

ESRTW also represents a tremendous opportunity for all parties:

- Workers remain confident and up to date on changes in the workplace, maintain important social ties and continue to contribute to their pension, employment insurance and other benefits programs.
- Employers keep knowledgeable workers in the workplace, maintain productivity and improve morale as other workers see positive outcomes.
- The Commission is able to better manage the long-term sustainability of the no-fault insurance system by reducing claims costs.

In Newfoundland and Labrador, ESRTW programs are a requirement under the *Act*. Both employers and workers are required to co-operate to help injured workers get back to work, with modified duties or other employment that is available and consistent with the worker's functional abilities while they are undergoing medical treatment or recovering.

In 2009, participation in the early and safe return to work program increased to 44.4 per cent of all claims, up from 43.5 per cent in 2008 and 41.1 per cent in 2007. For all 2009 claims, 56 per cent were closed in 15 days. The remaining 44 per cent were referred to case management and of those claims, 88 per cent were involved in the early and safe return to work program.

During 2009 the Commission conducted a comprehensive evaluation of the province's ESRTW program. Subsequent to the evaluation, the Commission plans to enhance the ESRTW program, consistent with government's action plan in response to the 2006 statutory review recommendations.

Labour Market Re-entry

Labour market re-entry (LMR) services also represent an opportunity to help injured workers get back to work. LMR services ensure workers have the skills, knowledge and abilities to re-enter the labour market and reduce or eliminate loss of earnings resulting from the work injury. The Commission works with injured workers, health care providers and employers to provide an injured worker with a labour market re-entry assessment and, if necessary, a labour market re-entry plan. The labour market re-entry plan considers a worker's needs, interests and skills in attempting to return the worker to employment that is suitable and available.

In 2009 the Commission conducted work to develop a quality improvement plan for labour market re-entry (LMR) services, in keeping with government's action plan in response to the 2006 statutory review recommendations. The LMR plan:

- Provides greater flexibility in the evaluation of a worker's labour market re-entry options.
- Ensures LMR planners conduct an adequate and comprehensive analysis of labour market re-entry options.
- Creates a framework to monitor the labour market re-entry program and labour market re-entry service providers.

During 2009 the Commission launched a stakeholder consultation process to help identify potential new initiatives to improve quality and key performance indicators, and measure improvements to the LMR program. Review of key stakeholder feedback and the completion of the LMR quality improvement plan is planned for 2010.

Successful Expansion of Social Marketing Campaign

As part of the Commission's strategic goal to increase awareness of workplace health and safety and to prevent injury and illness, the Commission has developed a long-term social marketing campaign that features television, internet, radio and print advertising.

The Commission understands that the most successful marketing campaigns require maximum resources and exposure. The Commission therefore teamed up with Nova Scotia and Prince Edward Island to create one campaign to address workplace safety issues common to the three provinces. The social marketing campaign targets a large audience across Atlantic Canada. This unique, collaborative effort has led to one of the most successful workplace safety marketing campaigns in North America. The campaign has subsequently been adopted by New Brunswick and Alberta.

The campaign emphasizes everyday situations that can lead to workplace injuries and in 2009 centered around a series of three television commercials featuring a nail, a bucket and a ladder. During 2009, the creative team developed two new advertisements aimed at identifying new unsafe practices which will be broadcast on television, the internet and radio. These new advertisements commence in April 2010.

Independent surveys have verified the campaign's success: three-quarters of employers and two-thirds of injured workers recall seeing the television spots despite a limited media budget. More than 60 per cent stated the spots were effective and helped change the way they think about workplace safety.

Opportunities and Challenges *continued*

Youth Strategy

The Commission recognizes that injury prevention represents the best opportunity to ensure workers return home safely each day and provide as a secondary benefit the sustainability of the workers' compensation system. By focusing on effective prevention programs designed for youth, the Commission will create a life-long safety culture. Young workers are often at high risk on the job as evidenced by the high number of young workers injured yearly in out province. Over the past five years 5,368 young workers between the ages of 15 to 24 were injured on the job in Newfoundland and Labrador. In 2009, 753 young workers were injured on the job.

In 2009, the Commission developed a Strategic Plan for Young Workers which addresses education and awareness, training, controls and legislation, gaps in current practice and health and safety initiatives for young workers, among other factors. The Strategic Plan identifies several programs, initiatives and enhancements to existing activities, to be implemented in 2010 through 2013.

Several prevention initiatives aimed at young workers and high school students were carried out in 2009, including the successful conclusion of the first year of the highly acclaimed *Who Wants to Save a Life?* youth game show. *Who Wants to Save a Life?* is a TV-style trivia game designed to educate high school students about workplace health and safety. It was developed and funded by the Commission in partnership with the Department of Education. Season one concluded May 7, 2009, with Lewisporte Collegiate winning scholarships and cash for their school. Planning took place in 2009 to create an expanded game show program for Season two in 2010.

In 2009 the Commission completed a successful youth safety video and radio advertisement contest and planned an expanded contest for 2010. The contest promotes increased awareness and knowledge in workplace safety by enabling students to participate in an awareness campaign that will reach their peers as they enter the workforce.

The Commission continues to work closely with high school educators, administrators and students to ensure injury prevention among young workers remains a top priority in this province.

Outcomes of Objectives

The Outcomes of Objectives section highlights the four strategic issues representing the key priorities for the Commission and the results achieved during 2009. For each issue, performance information is provided for the goal and the objective.

The strategic issues were identified in consideration of government's strategic direction, the Commission's mandate and available resources. The Commission's 2009 results and 2010 planned activities support the achievement of the Commission's mission as well as government's strategic direction of improved client service within a financially sustainable system.

Issue One: Client Service

The Commission is committed to providing a high level of service to its clients and continues to focus on building a stronger service culture within the organization. Results against 2009 objectives and indicators show progress towards the goal and objective of improved client service for the benefit of injured workers and employers across the province. The successes outlined contribute to government's strategic direction of improved client service and the key focus area of claims management.

Goal One: By December 31, 2010, the Commission will have improved client service.

Objective: By December 31, 2009, the Commission will have completed further actions to improve client service.

Indicators

Designed and built aspects of claims distribution and claims management functionality of the claims management model.

Accomplishments

In 2008 the Commission took another step to improving the way claims are managed with the implementation of the claims registration application, the first phase of the new claims management model. This first phase of the model has improved data collection of injury information, increased efficiencies in registering claims and facilitated early and safe return to work for the benefit of the Commission's clients. The Commission has since started the next phase of the model which focuses on gaining efficiencies in the distribution of work and management of claims. As planned, the Commission completed the design phase for new application functionality and began the build phase which is expected to be finalized in early 2010. In 2009, new templates for case planning, case management and work flow processing, along with an application prototype were built to help confirm and demonstrate the new functionality and its benefits. The Commission also continued to introduce key business elements of the new business model. Enhanced case planning and team review processes were designed and rolled out in 2009. Improvements to team composition and early intervention are ready for implementation in 2010. The new processes and technologies of the claims management model ensure the Commission has timely access to the right information required to better serve Commission clients.

Indicators

Identified key factors affecting claims duration and developed strategy to manage duration factors within the Commission's control.

Accomplishments

The Commission completed a duration strategy as a part of the claims management model initiative in 2006. The claims management model will require multiple years to build and implement the policy, procedures, management model and information technology toolkit. A comprehensive claim duration strategy will build upon the Commission's efforts to reduce the time an injured worker must remain on compensation through:

(i) Effective and timely management of the claim itself;

(ii) Timely health care regimes that utilize health care protocols for injury types, facilitating to the extent possible health care access and appointments;

(iii) Facilitated and timely ESRTW, as appropriate and described under legislation; and

(iv) Disability management services and labour market re-entry programs for injured workers who cannot return to work with their pre-injury employers.

As described below, the Commission has made significant progress on each element identified above.

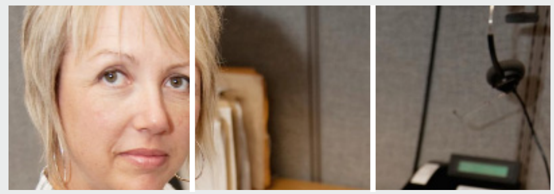
The length of time an injured worker is in receipt of benefits has financial impacts to the workers' compensation system. Throughout 2009, the Commission continued its efforts to effectively manage claims with a view to improve client service, reduce claim duration and reduce costs. Short term claims duration of 39 days in 2009 is down from a recent peak of 42 days in 2008. The Commission consulted with its stakeholder groups in an attempt to define components of key performance indicators which would be of importance to reducing claim duration. The Commission seeks to reduce duration through negotiated agreements with external health care providers that provide timely treatments and quality of service for injured workers and employers. Also, through implementation of its claims registration tool, staff training and work practices, the Commission has reduced the time required to open a claim to a record level of two hours. In addition, the Commission developed a quality improvement LMR plan. Initiatives under this plan included a full review of the program, the development of a new memorandum of agreement and contracting of five new LMR providers across the province. The Commission also consulted with its key stakeholders on quality improvements.

As part of this claim duration strategy, the Commission evaluated existing legislated early and safe return to work (ESRTW) practices and developed performance indicators to measure management of those practices. Draft preliminary findings of the ESRTW evaluation, including findings related to duration, were received and reviewed with the Commission's external consultants. The final evaluation and report was expected in late 2009 however, challenges with the availability of key resources resulted in delays to this initiative. The Commission expects the report to be completed and the strategy document to be finalized in the first half of 2010.

Outcomes of Objectives *continued*

Indicators

Developed protocol for enhancing client service for front line staff in Worker Services and Employer Services as described in the Action Plan for the 2006 Statutory Review.

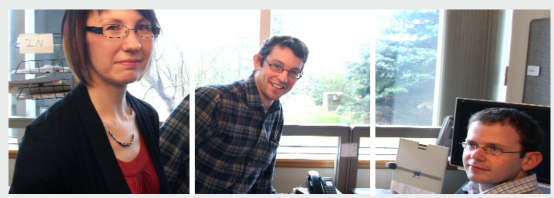


Accomplishments

The Commission is committed to providing quality service to its clients. In accordance with government's action plan in response to the 2006 statutory review report, a draft protocol for client service was developed with input from all areas of the Commission. The protocol is under a final internal review and a final procedure will be completed in early 2010.
A full day training program for enhancing client service was also delivered to all staff in 2009.

Indicators

Implemented experience incentive for small and medium employers.



Accomplishments

The experience incentive component of the Commission's PRIME program was successfully implemented in 2009 for small and medium sized employers. PRIME, (Prevention + Return to Work + Insurance Management for Employers/ Employees), is an employer incentive program which began in 2005 and was phased in over four years. The program is designed to be responsive to employers who demonstrate compliance with health and safety and return to work practices by issuing a refund on base assessments - the Practice Incentive Component. The program is also responsive to employers who manage and help minimize their claim costs by issuing a further experience refund to those that qualify - the Experience Incentive Component. The implementation of the experience incentive for these employers was the final stage in development of the PRIME initiative. The Commission continues to monitor and evaluate this program with the goal to improve client services.

The Commission realizes that increasing demands combined with the challenge of building internal capacity requires ongoing attention to our client service initiatives to ensure progress continues and our goals are met. The Commission's 2010 initiatives build on the progress made in 2008 and 2009 and focus on activities designed to improve service delivery for our clients through improved business delivery methods and an increased focus on key performance measures. Initiatives such as the continued implementation of the claims management model, the claims duration strategy, earlier intervention on claims and effective medical management will not only lead to improved client service but also a reduction in overall claims costs and improved financial sustainability.

2010 Objective and Indicators

The objective, measure and indicators of success for the next fiscal year are as follows.

Objective: By December 31, 2010, the Commission will have improved access and streamlined client service.

Measure: Improved access and streamlined client service

Indicators:

1.4.1. Enhanced client service through the continued implementation of key components of the new claims management model

1.4.2. Developed strategy on finalized key duration factors and begin implementation of strategy and key performance indicators

1.4.3. Implemented enhancements to process for adjudicating occupational disease claims

1.4.4. Expanded web services offerings

Issue Two: Workplace Injury and Illness Prevention

Education and awareness of workplace health and safety is a priority for the Commission and a key focus area of government's strategic direction. A continued focus on prevention is the best strategy to reduce the human suffering and financial costs caused by workplace accidents. The Commission believes increased marketing efforts will lead to increased awareness levels and influence workplace behaviour changes. These changes will result in fewer workplace injuries for the workers and employers of Newfoundland and Labrador and a reduction in the costs of the system.

The Commission's efforts to enhance the awareness of workplace injury and illness prevention practices are contributing to safer workplaces and reduced injuries. The lost time incidence rate has steadily declined over the past ten years which was at a high of 3.2 in 2000. Activities in 2009 built upon 2008 initiatives and contributed to the stability of the incidence rate which was 1.9 in 2009 and 2008, down from 2.0 in 2007. This success was due in part to the activities described for the current planning cycle and the continued commitment of our stakeholders.

The Commission continues to focus on enhancing the awareness levels of workplace injury and illness prevention practices among employers and industries. Specific 2009 activities included efforts to target the unique education and awareness needs of the top five long term incidence and fatality industries and further development of sector safety councils to promote occupational health and safety and return to work. The Commission also worked with priority employers with the highest incidents and costs to educate and promote workplace safety practices. In addition, the Commission continued to raise awareness of workplace hazards and risks and promote actions to eliminate incidents in the workplace through its social marketing campaign. The Commission believes prevention efforts targeting youth will result in long term awareness. As a result, the Commission broadened the participation in the youth game show in

2009 and increased school contacts and presentations. The game show has been well received and the Commission also extended it to teachers and industry in 2009 to further promote awareness.

These activities and the decline of the incidence rate demonstrate successful contribution to our annual objective and three-year goal as well as the underlying government strategic direction of improved client service within a financially sustainable system.

Goal Two: By December 31, 2010, the Commission will have increased awareness of workplace health and safety injury and illness prevention practices.

Objective: By December 31, 2009, the Commission will have identified and initiated processes to enhance awareness of workplace injury and illness prevention practices among employers and industries.

Indicators

Developed and approved standards for high risk or high incidence jobs (e.g., flag persons, confined space and fall from heights)

Accomplishments

The Commission works closely with the Occupational Health and Safety (OHS) Division of the Department of Government Services to evaluate and recommend improvements for certification standards. The OHS Division introduced government's new occupational health and safety regulations which specifically address the new training programs prescribed by the Commission and the related enforcement dates. The new implementation schedule is: traffic control for 2011, fall protection in 2012 and confined space in 2013. Due to timing of the release of the new regulations in September 2009 and phase in of the new training standards, the Commission decided to reschedule the development of the new standards, with implementation to occur in conjunction with the regulations. This will coordinate the phase in dates of both the standards and enforcement under the new regulations.

In 2009, the Commission completed a cross country jurisdictional review of training standards as well as a provincial survey of all Commission training providers. A draft standard was also developed for approval and implementation in 2010 for effect on January 1, 2011 for traffic control. Standards for fall protection and confined space are planned for implementation in advance of effective dates on January 1, 2012 and 2013 respectively.

Indicators

Increased focus on one additional industry sector with the goal of creating a Sectoral Committee.

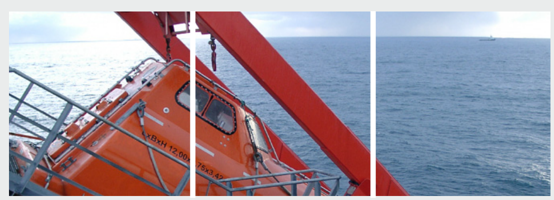
Accomplishments

The Commission continues its commitment to the development of industry sectoral councils in which industry takes an ownership and leadership role in managing health and safety and return to work issues. Recent efforts have focused on the forestry industry. In 2008 the Commission approved initial funding to support the development of a business plan and to initiate the beginning of a sectoral council, named the Forestry Safety Association of Newfoundland and Labrador (FSANL). In 2009, the Commission and other stakeholders provided guidance and support to the FSANL in establishing the association. During quarter four, the Commission approved additional funding to operationalize the forestry sectoral council in 2010.

Municipalities have agreed to pursue funding to develop a business plan for the creation of a municipalities sectoral council. A detailed analysis of injury trends has been completed and provided to the sectoral advisors.

Indicators

Developed a program to address educational and awareness needs for the top five long term incidence and fatality industries.



Accomplishments

Under the Workplace Health, Safety and Compensation legislation, the Commission is mandated to promote public awareness of workplace health and safety and to educate employers, workers and other persons about workplace health and safety. In 2009, the Commission conducted an analysis to identify the top five long term incidence and fatality industries. Data considered during the analysis included: (1) the incidence rates and the numbers of lost time claims and fatalities of 13 industry sectors over a five year period from 2005 to 2009; (2) priority employer firms by industry group; (3) high risk occupations and activities requiring mandatory regulatory training; and (4) industry sectors identified and targeted for the establishment of sectoral committees.

The Commission concluded the top five industries are: (1) Service (specifically, municipalities and call centres); (2) health care; (3) fishing; (4) mining; and (5) youth.

continued from page 34

In 2009, the Commission developed and tailored programs to each of the five groups. Program elements include: prevention workshops; outreach presentations; incident and claim cost research; assignment of prevention industry specialists; client visits and audits; research funding; direct consultation and collaboration with employers in industry; establishment of technical advisory committees and partnerships; and engaged discussions with industry based employer/worker-led safety councils whose mandate is education, training and awareness of occupational health and safety. In addition, the Commission developed a strategic plan for young workers for 2010 to 2013 which will be finalized and approved in 2010. The Commission implemented 75 per cent of the activities outlined in the strategy in 2009.

The following table summarizes the program elements delivered for each of the five groups in 2009.

Program Element / Industry	Service	Health Care	Fishing	Mining	Youth
Prevention workshops	✓	✓	✓	✓	✓
Outreach presentations	✓	✓	✓		✓
Incident and claim cost research	✓	✓	✓	✓	✓
Assignment of prevention industry specialists	✓	✓	✓	✓	✓
Client visits and audits	✓	✓	✓	✓	
Research funding		✓	✓		
Consultation/collaboration with employers	✓	✓	✓	✓	✓
Technical advisory committees				✓	
Partnerships		✓	✓	✓	✓
Formation of sector safety councils	✓		✓	✓	

A continued and committed focus on workplace health and safety by the Commission, employers and workers is more important than ever. While the incidence rate held steady in 2009, it is important to ensure the downward trend from prior years does not reverse. The Commission will continue to focus efforts on educating youth, employers, industry and the public in workplace injury and illness prevention practices to meet its commitments and the focus area of government for improved client service. The initiatives planned for 2010 will continue to build on the successes of the past two years of the planning cycle.

The objective, measure and indicators of success for the next fiscal year are as follows.

Objective: By December 31, 2010, the Commission will have enhanced workplace health and safety training for workplaces and developed a strategy to increase awareness of the prevention of known occupational disease.

Measure: Enhanced training and developed a strategy

Indicators:

2.4.1. Increased workplace health and safety awareness for workplaces
2.4.2. Enhanced health and safety training for workplaces
2.4.3. Increased focus on one additional industry sector with the goal of creating a sectoral committee
2.4.4. Developed strategy to increase awareness of prevention of known occupational diseases

Issue Three: Financial Sustainability

The Commission is responsible for managing funds collected through employer assessments to ensure the workers' compensation system is financially sustained. Sustainability is managed through investment policy, establishing employer assessment rates and providing affordable compensation benefits. The objective of the Commission's long term financial strategy is to maintain a funded position that will provide for the security of injured worker benefits within employers' reasonable ability to pay.

In 2009 the workers' compensation system in this province benefited from the improved investment environment, the decline in incidence rates and the growth in the payroll base. This positive performance, combined with the Commission's focus in following key financial strategies and activities, resulted in improvement to the Commissions injury fund and its funding ratio which rose to 87.5 per cent, up from 77.3 per cent in 2008. These results contribute to the achievement of government's strategic direction of improved client service in a financially sustainable system.

Goal Three: By December 31, 2010, the Commission will have implemented management practices to support the financial sustainability of the workplace injury/illness compensation system.

Objective: By December 31, 2009, the Commission will have continued application of the funding policy and implemented measures to improve cost-effectiveness of service delivery.

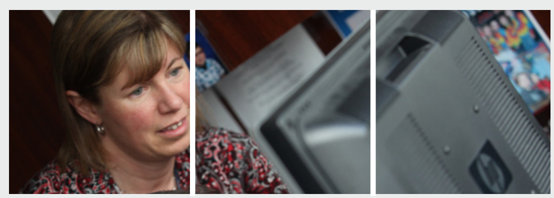
Outcomes of Objectives *continued*

Indicators

Implemented and applied funding policy.

Accomplishments

The funding policy was approved by the Commission's Board of Directors and was implemented effective January 1, 2009. This policy is intended to provide a mechanism for the Commission to respond to external influences, such as volatile investment market performance and general economic factors, in a controlled and responsible manner. The Commission follows the policy guidance with respect to the setting of assessment rates and recommending changes to benefit levels.



Indicators

Continued implementing measures of cost-effectiveness through the Commission's procurement program for health care products and services.

Accomplishments

It is the objective of the procurement program to support the purpose and goals of the Commission by purchasing and providing quality services at competitive prices and providing responsive and responsible services. This objective is achieved by dedication to excellence in customer service, providing avenues of access to businesses, streamlining operations, pursuing cost savings, identifying new sources of supply, developing relationships with vendors, and complying with the *Public Tender Act* & Regulations of the Government of Newfoundland and Labrador. Purchasing continues to implement processes to contain costs through the issuance of tenders, requests for proposals and establishing standing offers for goods and services both for administrative and health care products and services. The efforts related to health care are carried out in partnership with the Commission's Worker Services Department. In 2009 the Commission issued 24 tenders and 22 requests for proposals.

While 2009 performance represents a significant improvement, the Commission has a long term focus in managing and evaluating the performance of the injury fund. Several more years of strong investment returns are required to ensure the financial stability of the injury fund in the longer term and to reach our 100 per cent funding target. Balance among favourable investment returns, low injury rates and stable claims costs is critical to achieving the long term objective of a 110 per cent funded status, in accordance with the new funding policy. The Commission will continue to apply its funding policy. It will take steps to mitigate the growth in claims costs. These two steps will ensure the achievement of our current and long term goals which are in keeping with government's direction regarding financial sustainability.

The objective, measure and indicators of success for the next fiscal year are as follows.

Objective: By December 31, 2010, the Commission will have continued application of the funding policy and implemented further measures to improve cost-effectiveness of service delivery.

Measure: Management practices implemented

Indicators:

3.4.1. Continued application of funding policy

3.4.2. Continued implementing measures of cost-effectiveness

Issue Four: Responsive Organization

The Commission is committed to an open communication style that results in the public being well-informed in matters related to the role and operations of the Commission. Public trust and confidence in the workers' compensation system and a clear understanding of the Commission's mandate and limitations are important elements for being recognized as a responsive organization. Education and outreach activities are key components to raising awareness and building public trust and confidence. As a result, the Commission is committed to better communications with stakeholders and the public regarding its mandate.

In 2009, there were more frequent presentation to key stakeholder events, proactive media interviews, participation in industry and occupational health and safety trade shows and a board consultation with stakeholders. Feedback from these measures indicates a better understanding of the role and responsibilities and service quality of the Commission. Increasing the understanding of the workers' compensation system will lead to the improved confidence and satisfaction of our stakeholders. The Commission's initiatives will contribute to the achievement of our mission as well as the overall government strategic direction of improved client service.

Goal Four: By December 31, 2010, the Commission will be a more responsive organization in meeting the needs of stakeholders.

Objective: By December 31, 2009, the Commission will have implemented further actions to improve the organization's responsiveness including an enhanced process for public communications by the Board of Directors.

Indicators

Developed and implemented an enhanced process for communications by the Board of Directors.

Accomplishments

The Commission examined the Board of Directors communication process in 2009 and developed an enhanced process for communications with Commission stakeholder groups and the public. The enhanced process includes an outreach program designed to ensure better communications with stakeholders and the public to improve confidence in the workers' compensation system. This includes greater focus on the Commission's mandate and limitations as well as the promotion of the Commission's lines of business.

Consistency is critical for effective communications. The Board communications process features the Board Chairperson and CEO delivering consistent messaging to appeal to a broad audience. Consistent messaging emphasizes that all injury incidents are preventable. Where injuries do occur, the Commission's disability management focus is to assist injured workers as they work to recover.

Outreach activities throughout 2009 included presentations and speaking engagements at several conferences and to various committees and associations; as well as continued support for the youth travelling game show, a key prevention initiative aimed at increasing awareness of workplace health and safety and injury prevention practices among youth. Outreach activity in 2009 was highlighted by the successful national AWCBC Learning Symposium, hosted by the Commission in St. John's. The Chairperson and CEO hosted several portions of the AWCBC symposium, presented the Youth Game Show and provided additional presentations during the week-long event.

The increased education efforts around the roles and responsibilities of the Commission and its stakeholders will increase its responsiveness and contribute to the achievement of its mission and government's strategic direction of improved client service. Education efforts in 2010 will focus on prevention as well as the promotion of the Commission's services of disability management and a sound assessment model to support the no fault injury insurance system.

The Commission's ultimate aim is to influence attitudes and behavior related to workplace health and safety by promoting safety awareness and increasing understanding of the human and financial impacts of workplace injuries. While marketing and education efforts have influenced concern about workplace safety, ongoing efforts will continue to work towards creating a belief that work-related injuries, diseases and deaths are unacceptable. Changing this mindset is everyone's responsibility. Our 2010 social marketing campaign and outreach activities will continue to focus on these key messages, emphasizing the Commission's role and the role of all workplace parties in preventing workplace injuries. The primary needs of stakeholders continue to be the prevention of incidents in workplaces. This is a benefit to employers, workers and the general public. Together with our stakeholders, we must take action to create safer workplaces for the workers and employers of Newfoundland and Labrador.

The objective, measure and indicators of success for the next fiscal year are as follows.

Objective: By December 31, 2010, the Commission will have increased responsiveness in meeting the needs of stakeholders.

Measure: Increased responsiveness

Indicator:

4.4.1. Continued education through social marketing and outreach activities.

Management Discussion & Analysis

The Management Discussion and Analysis (MD&A) is an integral part of the annual performance report and provides management's perspective on the operations and financial position of the Workplace Health, Safety and Compensation Commission (the Commission). This MD&A should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2009. The MD&A was prepared based on information available as of March 12, 2010. The Board of Directors has undertaken its own review of the MD&A following a recommendation of the Financial Services Committee.

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements about certain matters that are by their nature subject to many risks and uncertainties, which may cause actual results to differ materially from the statements made herein. Forward-looking statements include, but are not limited to, the Commission's objectives, strategies, targeted and expected financial results; and the outlook for the province's business and for the provincial and global economies. Risks and uncertainties include, but are not limited to, changing market, industry and general economic factors or conditions; changes in legislation affecting the Commission's policies and practices; changes in accounting standards; the ability to retain and recruit qualified employees; and other risks, known or unknown. The reader is cautioned not to place undue reliance on these forward-looking statements.

OPERATIONS OF THE COMMISSION

The Commission operates under the authority of the *Workplace Health, Safety and Compensation Act* (the *Act*). In accordance with the *Act* the Commission promotes health and safety in workplaces with an objective of preventing the occurrence of workplace injuries and occupational diseases. When injuries occur the Commission provides support and benefits to injured workers, and in conjunction with workplace parties and health care providers, facilitates a safe and timely return to work. The Commission is also responsible to levy and collect assessments from employers in amounts sufficient to fund the current and future costs of existing claims including administration.

The Commission's revenues are derived from assessment-based employers, who are insured through collective liability, self-insured employers, through the reimbursement of claims costs and administration fees, and investment income. In certain circumstances, under Section 45 of the *Act*, the Commission is deemed to be an assignee of a cause of action in respect of a claimant disability. Accordingly, revenues also include recoveries from third parties in respect of such actions. The Commission provides workplace insurance coverage to approximately 98 per cent of workers employed in the province of Newfoundland and Labrador.

COMMISSION VISION AND MISSION

Key elements of the Strategic Plan for 2008-2010 are the Commission's vision and mission statements. These define the guiding principles that direct the future operations of the Commission. The Commission's vision is for safe and healthy workplaces within a viable and sustainable insurance system which reduces the impact of workplace injuries by providing the highest level of service to injured workers and employers. The Commission's mission is to improve client service to support the prevention and management of workplace injuries, illnesses and known occupational disease.

EMERGING ISSUES

The Board of Directors has begun the process of preparing the Commission's Strategic Plan for the period 2011-2013. During the planning process, the Commission conducts an environmental scan and identifies emerging issues within its business and regulatory environment which can have an impact on the achievement of the organization's mission statement. The Board of Directors is informed of the emerging issues, sets the strategic direction, establishes goals and objectives and monitors performance against those goals and objectives. The Board of Directors also reviews the operational initiatives which are planned in response to the emerging issues. Due to the nature of the workers' compensation system there are many factors beyond the Commission's ability to control, however, actions can be taken to mitigate their ultimate impact. These actions are incorporated into existing and proposed strategic plans.

The existing 2008-2010 Strategic Plan describes strategies and supporting initiatives which are intended to mitigate the impact of the identified emerging issues. In addition to the performance of capital markets, important issues include injury prevention, rising health care costs, expansion of coverage, claims duration, and changing accounting standards.

KEY BUSINESS DRIVERS

Investment Returns

In 2009 the Injury Fund earned a rate of return of 18.1 per cent compared with a negative 17.5 per cent return in the previous year. The Commission's stated goal is to earn a rate of return of 7.12 per cent (3.5 per cent real return after inflation). Including the return for 2009 the fund has generated an average return of 3.4 per cent over the most recent four years and 5.8 per cent over the most recent ten years. The under-performance in 2008 has constrained the return on the fund over the long-term. The improved performance of 2009 caused a marked improvement in the Commission's funded position. The Commission recorded among the highest annual returns of all workers' compensation jurisdictions in Canada for 2009.

The Commission takes a long-term view in managing and evaluating the performance of the Injury Fund given the long-term nature of the benefits provided to injured workers. While the performance in 2009 represents a significant improvement, several more years of similar returns are required to ensure the financial stability of the Injury Fund.

The financial risks to which the Commission is exposed are described in Note 7, Financial Risk Management, to the Financial Statements and include credit, currency and market risks. Credit risk on fixed income securities arises from the possibility that issuers of debt will fail to meet their obligations to pay interest and principal. Currency risk is the risk that the value of securities denominated in foreign currencies will change with their respective exchange rates compared to the Canadian dollar. Market risk is the risk that the fair value of marketable securities will change due to perceived or real changes in the economic condition of the issuer, the relative price of alternative investments and general economic conditions.

Benefit Costs

Benefit costs are influenced by many factors including the number and severity of injuries, claims duration, health care cost trends and the rate of wage growth in the province. Over time, expansion of coverage can occur as a result of court decisions, statutory review processes, external appeal decisions and trends in other Canadian workers' compensation jurisdictions. The factors that influence the direction of benefit costs are considered as part of the Commission's strategic planning process.

The number of new injury claims continues to trend downwards. Consistent with that trend the Commission has been able to reduce short-term claims duration to 39 days from a recent peak of 42 days in 2008. The Commission defines short-term claims duration to be the average number of days for which temporary earnings loss benefits are paid for injuries occurring in the same reference year.

Many of the drivers of claim duration are beyond the Commission's ability to control and various factors combine to affect return-to-work outcomes. From an operational perspective the Commission strives to ensure that the appropriate number of knowledgeable resources is available internally to allow for early intervention following a work injury, the effective monitoring and management of health care services and the facilitation of early and safe return-to-work. The Commission also seeks to reduce claims duration through negotiated agreements with external service providers that provide guidelines for the timeliness of treatments and the quality of service.

The drivers of claim duration that are beyond the Commission's control include the lack of timely access to certain health care specialists, necessary medical investigations and interventions. As well, the availability of suitable employment following an injury is also an important consideration in the duration of a claim. Despite the best efforts of workplace parties to facilitate the return-to-work process, some employers may not be able to accommodate injured workers. Additionally, factors unrelated to the work injury that interrupts or delays medical recovery can affect return-to-work outcomes.

The Commission is progressing with a comprehensive claims duration strategy which will incorporate the results of an evaluation of the Early and Safe Return to Work (ESRTW) practices. In 2010, the Commission expects to begin implementation of certain aspects of the strategy related to the outcome of the ESRTW evaluation, including the identification and introduction of key performance indicators.

The Commission has already implemented elements of a new claims management model which is a critical component of the Commission's overall comprehensive claims duration strategy. The elements of the new model that have been introduced to date are having a positive impact on short-term claims duration and the delivery of services to workplace parties, particularly injured workers. Since the beginning of 2009, information systems enhancements have increased the efficiency of internal processes resulting in a reduction in the time it takes to open a claim by almost three and one half days. Over the long term the Commission expects that improvements and enhancements attributable to the claims management model will result in reductions in the number of long-term disability claims.

The Commission takes a variety of approaches to address the upward trend in health care costs. The increased emphasis on early intervention and more proactive case management, through implementation of key components of the new claims management model, are expected to help contain the rate of growth in health care costs. The Commission continues to consolidate its procurement of medical and health care items through the public tendering process in an effort to improve the cost-effectiveness of service delivery. In addition, the service agreements with health care providers specify multi-year terms, generally ranging from two to four years.

Incidence Rate

The incidence rate is the fundamental driver of the workers' compensation system as it determines the volume of claims administered by the Commission and ultimately, the cost of these claims determines employer assessment rates. This indicator measures the frequency of injuries per 100 workers employed in the province. Since 2000, the incidence rate has declined from 3.2 to 1.9. This is a testament to the ongoing and strong collaboration among workplace parties in the province and the Commission's prevention initiatives.

The incidence rate can be affected by the level of employment in the province. In the past the Commission has experienced increases in the incident rate as employment levels have declined. Despite a reduction in the number of workers employed the incidence rate declined in 2009 which is counter to the previous relationship between the direction of employment levels and the incidence rate. The incidence rate is now at an all time low. The extent to which further reductions are achieved will depend on the continued diligence and perseverance of employers, workers, government and the Commission in respect of workplace safety.

Inflation Rate

The annual change in inflation can have a material impact on the Commission's benefit liabilities. The long-term disability benefits provided under the *Act* are indexed to the full rate of inflation with no upper limit. The Commission calculates the annual inflation adjustment based on the year-over-year change in the Consumer Price Index at July each year and applies the adjustment January 1st of the following year. The inflation adjustment for 2009 was 1.7 per cent and the inflation adjustment has averaged 1.9 per cent over the past five years. The Commission's long-term expectation is that inflation will average 3.5 per cent per year. This is a key assumption applied in the actuarial valuation of the benefit liabilities. In the near-term the magnitude and direction of changes in the annual rate of inflation will depend on the success that most major economies, including Canada, have in unwinding recent fiscal and monetary stimulus programs.

2009 FINANCIAL HIGHLIGHTS

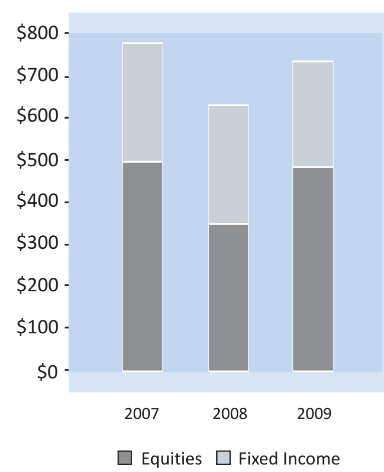
During 2009, the Newfoundland and Labrador economy faced certain challenges including a contraction in growth and employment. The decline in activity was led by lower production and prices in export industries, particularly forestry, mining, and manufacturing (newsprint and seafood). Despite these challenges the Commission recorded an increase in the overall assessable payroll base as increased payrolls in construction, retail trade, health care and most other industries offset the decline in export dependent sectors.

The combination of the growth in assessment revenue and an improvement in investment performance resulted in a reduction in the annual deficit from $12.0 million in 2008 to $8.2 million in 2009. The Commission's funded position improved from 77.3 per cent at the end of 2008 to 87.5 per cent at the end of 2009.

STATEMENT OF FINANCIAL POSITION

Investments

The Commission's investments are held in an Injury Fund to meet future benefit payments to injured workers. These investments are diversified between two primary asset classes: domestic fixed income and domestic and foreign equities. The fair value of the Injury Fund increased $98.1 million to $710.0 million at December 31, 2009 from $611.9 million at the end of 2008. In addition, the Injury Fund has increased $153.0 million from its low point at the end of February, 2009, also due to the significant improvement in market performance.



Asset Mix 2007 - 2009
($, millions)

During 2009, the major world economies stabilized with improvement reflected in many leading indicators. On the belief that a recovery was taking hold investors expanded their tolerance for risk, seeking opportunities for enhanced returns. Market participants were rewarded in 2009 as major stock market indices showed significant improvements.

The S&P/TSX composite index experienced its biggest annual advance since 1979, increasing 35.1 per cent on the year and 53.0 per cent from its March lows, a significant improvement from the 33.0 per cent decline of 2008. The S&P 500 index (U.S. equities) ended the year on a strong note, having produced an annual return of 24.1 per cent (7.4 per cent in Canadian dollar terms). The U.S. market rose 61.3 per cent from its low point in 2009. In 2008, the U.S. market had declined 21.2 per cent in Canadian dollar terms. The Canadian dollar appreciated 15.6 per cent in value relative to the United States dollar from 82.6 cents U.S. at the end of 2008 to 95.5 cents U.S. at December 31, 2009. The MSCI EAFE index (foreign equities) increased by 11.1 per cent in terms of local currencies. In Canadian dollar terms the foreign markets grew by 24.1 per cent in stark contrast to the 28.8 per cent decline in 2008.

The DEX Bond Universe (fixed income) index closed the year up 5.4 per cent after a slightly negative return in the fourth quarter. Higher than expected economic growth in Canada increased concerns of inflation which in turn pushed down bond prices late in the year. Returns on corporate bonds outpaced other sectors with a return of 16.3 per cent compared with Government of Canada bonds which posted near-zero returns. Credit spreads narrowed throughout the year benefiting holders of corporate and provincial bonds.

Investment Strategy

The Commission's Board of Directors is responsible to ensure that the assets of the Injury Fund, along with future investment income, are sufficient to pay benefit liabilities. The Board of Directors takes a long-term approach to the management of the Injury Fund given that payment of the majority of benefits promised to injured workers extend many years into the future. The Board relies on periodic asset and liability studies to ensure the investment strategy reflects the nature of the related liabilities. The most recent study, undertaken in 2009, indicated that the Injury Fund could achieve more diversification and the potential for improved returns from an allocation to real estate. Accordingly, the Board approved a change in the Injury Fund asset mix to implement a five per cent allocation to Canadian real estate by making an equal reduction in the fixed income asset class. The Commission plans to implement this change commencing in 2010.

The Commission's investment strategy is guided by the Statement of Investment Principles and Beliefs (SIPB) and the Long-Term Investment Policy. The SIPB outlines the governance structure for the Injury Fund, the importance of asset allocation in achieving the long-term return objectives of the fund, the importance of diversification and the process for manager selection and performance evaluation.

The Long-term Investment Policy documents the long-term asset mix target, the return objectives, acceptable investments and limits on risk concentration. The Injury Fund assets are managed by independent, professional investment managers. The Commission monitors the managers' compliance with policy on a regular basis. The Injury Fund assets are diversified across asset classes, industry sectors, geographic locations and individual securities to minimize the volatility of returns. Further diversification is achieved by selecting investment managers with varying investment mandates and styles.

The Commission's Funding Policy is designed to maintain a funded position that will provide for the security of injured worker benefits. The Funding Policy provides guidance to ensure the Commission responds to external factors, such as volatile investment markets, in a controlled and responsible manner. The Long-term Financial Strategy is described in Note 4 to the financial statements.

Benefit Liabilities

Benefit liabilities reflect the present value of all future payments expected to be made on behalf of injured workers whose claims were accepted as of December 31, 2009. These liabilities are increased each year for the estimated cost of current and prior year injuries and are reduced by actual payments in the year and revisions to actuarial estimates for prior years' claims.

These experience adjustments are a normal and expected part of the actuarial valuation process. The Commission's benefit liabilities include amounts set aside to pay the future cost of short and long-term disability, survivor benefits, health care, rehabilitation and future administration costs. While the liabilities include the estimated cost of accepted claims for occupational disease, the benefit liability does not include any provision for future claims related to latent occupational disease not yet filed with the Commission. Benefit liabilities increased 2.9 per cent from $808.0 million at the end of 2008 to $831.3 million at the end of 2009.

The Commission has a financial strategy policy aimed at maintaining the funded position within a reasonable range over the long term. To ensure consistency the economic and actuarial assumptions used in the valuation of liabilities are reasonable estimates of future expectations for these variables over the long term. The assumptions described in Note 13 to the financial statements remained unchanged from the previous year. The real rate of return used is 3.5 per cent.

The liability for long-term disability benefits represents the single largest component of the overall benefit obligations. At December 31, 2009, the long-term disability liability amounted to $483.2 million or 58.1 per cent of the total benefits liability. The growth of this liability has been mitigated, somewhat in recent years, because actual rates of benefit inflation (i.e., CPI indexing) have been lower than the 3.5 per cent rate assumed for the actuarial valuation. The affect of this experience gain was a reduction in the long-term disability liability of $8.2 million in 2009.

The Commission establishes a liability for each long-term disability claim accepted during the year. In addition, the liabilities include a provision for claims that might become long-term disability claims in future years. An analysis of recent trends suggests that about 5.7 per cent of recent lost time claims (5.3 per cent last year) will eventually become long-term claims. As a result, the actuarial valuation assumes that there will be more long term claims associated with the most recent three injury years than was the case in 2008.

The next largest benefit liability category is future health care which increased $12.4 million to $189.7 million at the end of 2009. This change is double that of the previous year and is reflective of the overall trend in health care costs. The increase in costs is attributable to higher service provider fees, the introduction of new services and new technologies, and products. This jurisdiction is not unique in experiencing the effect of rising health care costs.

The benefit liabilities related to short-term disability and rehabilitation increased from the previous year due in part to unfavourable actuarial adjustments on prior years' claims. The increase for these categories amounted to $0.8 million.

The Commission accepted 42 fatality claims in 2009 compared with 23 in 2008. The fatality claims for 2009 include claims made on behalf of the dependents of workers who perished in a major transportation accident in the offshore oil industry. In 2009, the higher number of fatality claims exceeded the normal mortality of the existing survivor group resulting in an increase in the liability for survivor benefits.

The benefit liabilities also contain a provision for the future costs of administering current claims. The Commission has determined that seven per cent of annual claims payments is a reasonable provision for the cost of administering claims. This factor has been taken into account in establishing the total liabilities of the Commission.

FUND DEFICIENCY

At December 31, 2009, the Commission's assets totaled $740.0 million compared with total liabilities of $845.9 million. The net fund deficiency of $105.9 million consists of $104.7 million in accumulated operating deficits, $2.0 million in accumulated other comprehensive losses and an offsetting occupational health and safety research reserve of $815,000. The reduction in accumulated comprehensive losses from the previous year's value of $92.2 million is a reflection of the growth in the value of the Injury Fund.

The Commission's long-term funding target is to achieve a level of total assets equal to 110 per cent of total liabilities which is equivalent to requiring a stabilization fund of 10 per cent. At December 31, 2009 this required stabilization fund amounted to $84.6 million, bringing the total funding strategy deficiency to $190.5 million. The total deficiency will be recovered through surcharges in employer assessment rates. The current surcharge of $0.25 per $100 of payroll would have to be maintained until 2027 (i.e. for another 18 years) to amortize the current deficiency. At the end of 2008 it was estimated the surcharge would have to stay in place for 34 more years. The length of the amortization period and the level of the surcharge will depend primarily on future investment performance of the Injury Fund, changes in the assessable payroll base and claims cost experience.

The ratio of total assets to total liabilities is one measure of the financial strength of the Commission. The funded ratio is an indicator of the percentage of projected benefits on existing claims that can be paid from existing assets. At December 31, 2009 the Commission's funded ratio had recovered to 87.5 per cent from 77.3 per cent at the end of 2008. The increase in funded status is due mainly to the effect of the favourable performance of the capital market in 2009. The Commission remains one of six jurisdictions not fully funded based on the funded ratios reported by all other jurisdictions in Canada in 2008. At the end of 2008 none of the jurisdictions in Atlantic Canada were fully funded. It is anticipated that other jurisdictions will report varying degrees of improvement in their funded status based on 2009 capital market performance.

STATEMENT OF OPERATIONS

Revenues

The Commission's revenue sources are assessments paid by employers, investment income and third party recoveries. In 2009, revenues totaled $179.7 million, an 8.6 per cent increase over 2008 revenues of $165.5 million.

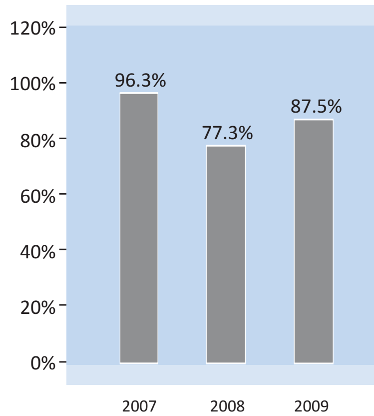
(a) Assessments Revenue

Revenue from assessments consists of base assessments, and practice and experience incentives, refunds and charges disbursed and collected through the PRIME program. Revenue also includes payments made on behalf of self-insured employers. Although the average base assessment rate remained constant at $2.75, the assessment revenue from rate based employers increased 5.1 per cent from $143.2 million in 2008 to $150.5 million in 2009. In 2009, employer assessable payrolls increased by five per cent from $5.1 billion to $5.3 billion due to growth across most industry sectors and partly because of the annual increase in the maximum assessable and compensable earnings limit.

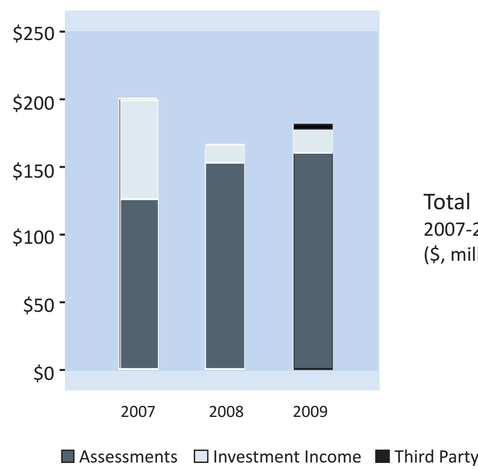
Under the Commission's PRIME program, employers can impact the assessments they pay by meeting their practice requirements under the practice incentive component and managing their claim costs under the experience incentive component. The practice component, which has been in effect since 2005, recognizes employers for good occupational health and safety and return-to-work practices through a five per cent refund on their average calculated base assessments.

The experience incentive component of PRIME was introduced to large employers in 2008 and expanded to all other eligible employers in 2009. Employers are assigned an experience incentive range based on payroll, industry classification and assessments. If claims costs fall below the bottom of their range, employers are eligible to receive a refund while those with claim costs above the top of their range may receive an experience charge. There may be no refund or charge when claim costs are within the range. Employers must meet the practice incentive requirements before being eligible for experience refunds.

In 2009, the Commission paid $3.3 million in practice refunds to employers based on their 2008 performance and $5.0 million in experience refunds based on their claims cost experience. Experience charges of $4.8 million were issued to employers in relation to their claim cost experience. The Commission estimates that employers will earn practice incentive refunds of $3.3 million in 2010 based on their 2009 performance and their experience incentive net of experience charges will be $0.2 million.



Funded Ratio
2007-2009



Total Revenue
2007-2009
($, millions)

The ultimate amount of practice and experience incentives for 2009 will not be known until the processing and subsequent audits of employer statement data is completed later in 2010. Over the long-term the experience incentive component of PRIME is expected to be revenue neutral with refunds equal to charges. It is also important to note that employers who did not meet their 2008 practice incentive requirements forfeited $2.8 million in practice refunds and $3.6 million in experience refunds.

Revenues from self-insurers increased 10.0 per cent from $8.6 million in 2008 to $9.5 million in 2009. Self-insurers experienced a higher number of claims and higher claims payments in all benefit categories. There was a corresponding increase in the administration fee charged by the Commission.

(b) Investment Income

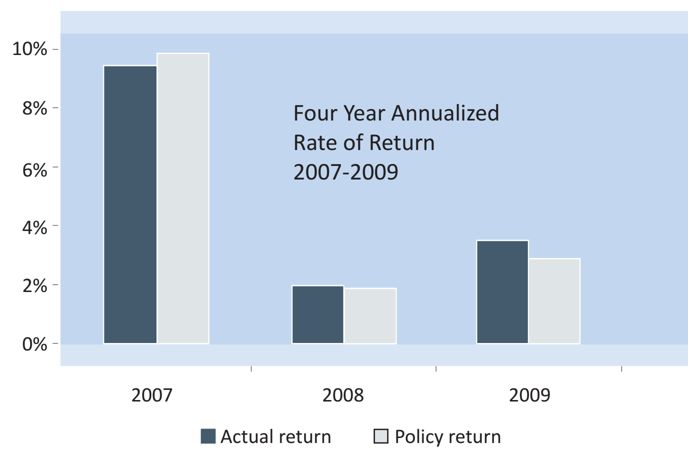
Investment income is an important element of the Commission's total revenue as it is relied upon to supplement assessments to cover total expenses for the year. The Commission recognizes investment gains and losses in the year they occur in accordance with Generally Accepted Accounting Principles (GAAP). Realized gains and losses are included in investment income while unrealized gains and losses are included in accumulated comprehensive loss on the Commission's Statement of Financial Position at year-end. This policy can produce significant volatility in the operating results and funded status of the Commission from one year to the next as evidenced in the changes from 2007 to 2009.

A key assumption underlying the valuation of benefit liabilities and the assessment rate setting model is that investments will generate an annual gross rate of return of 7.12 per cent or 3.5 per cent after inflation. In 2009, the market rate of return on the Injury Fund was 18.1 per cent compared with a negative return of 17.5 per cent in 2008. While this turn around is significant it is not yet sufficient to ensure the financial sustainability of the Injury Fund.

Another objective of the Injury Fund is to exceed the return of the benchmark portfolio (i.e. the policy return) on a four-year moving average basis. The policy return is the return the Injury Fund would have earned had each asset class achieved the return of its respective passive index and was at its target weight according to the Long-term Investment policy. The Injury Fund's return of 18.1 per cent for 2009 exceeded the policy return of 17.0 per cent due to the Commission's international equity and fixed income managers exceeding their respective benchmarks for the year. In the fixed income asset class an overweight in corporate debt outpaced the benchmark return as credit spreads continued to narrow during the year. For the four-year period ending December 31, 2009, the Injury Fund earned an annualized return of 3.4 per cent compared to the policy return of 2.8 per cent. The negative performance in 2008 has had a material effect on the four year annualized returns.

Investment income increased $2.0 million (15.1 per cent), from $13.8 million to $15.8 million in 2009. The investment income includes $22.7 million in dividends and interest, $5.4 million in net losses realized from the sale of investments, $3.5 million in other than temporary impairments in the value of investments and $0.5 million in unrealized losses on derivative financial instruments. Included in investment income is also the reversal of impairments recognized in the prior year totaling $4.8 million as these securities were ultimately sold at values in excess of their carrying values. Investment management fees of $2.2 million are offset against investment income.

In accordance with GAAP the Commission is required to review the individual securities in the Injury Fund to consider whether declines in the value of these securities below their cost are other than temporary. The Commission identified a total of $3.4 million in securities requiring write down based on the duration and extent of the decline in value, industry specific factors, general economic conditions and forecasts of economic activity. The Commission also recorded a further write down of $58,000 in relation to its investment in third-party sponsored asset backed commercial paper.



(c) Third Party Recoveries

In 2009, the Commission recognized claims costs associated with the benefits available to the families of the victims of a major transportation accident in the offshore oil industry. These costs include cash payments, as well as liabilities for expected future benefits. The *Act* provides the Commission the authority to recover claims costs from third parties who have either accepted liability or have been determined to be liable by a competent court. The total recoverable amount, which was received subsequent to year-end, is $3.9 million.

Expenses

The Commission's total expenses include benefit costs, administrative and other expenses, legislated obligations and other commitments. In 2009, total expenses were $194.6 million, an increase of $10.6 million from $184.0 million in 2008. The increase is attributed mainly to the increases in claims costs incurred of $9.4 million, administration costs of $0.4 million and other costs of $0.9 million. A revision to the estimated useful life of systems development costs contributed to a reduction in amortization of $0.3 million.

(a) Claims costs incurred

Claims costs incurred, as reported in the Statement of Operations, include the full cost of providing for all injuries that occurred in the current and prior years. Claims costs incurred increased 6.4 per cent to $156.3 million in 2009 from $146.9 million in 2008. The increase for current year injuries at 8.6 per cent was significantly greater than the increase for prior years' injuries of 3.1 per cent. The larger increase for current year injuries is primarily attributable to an increase in the assumed percentage of new lost time claims that will become long-term claims, a continuation of rising health care cost experience and an increase in survivor benefits arising from an increase in fatalities.

(b) Claims costs paid

Claims costs paid, as reported in the Statement of Cash Flows, represent actual cash payments to injured workers for wage loss and other benefits, payments to health care providers for services rendered to injured workers and payments to suppliers for health care goods and devices. These amounts include payments made on behalf of self-insured employers. In total these payments increased 4.3 per cent to $126.3 million in 2009 from $121.1 million in 2008. This compares with a 9.2 per cent increase from 2007 to 2008.

The increase in claims costs paid occurred across all benefit categories with the more significant increases occurring in long-term disability and health care. The factors that contributed to the increase in payments for long-term disability include an increase in the number of claims in receipt of payment during the year and indexing of benefits. These factors were offset somewhat by more claims with Canada Pension Plan offsets. The Commission is required under the *Act* to deduct 75 per cent of the net Canada Pension Plan disability benefit from the worker's pre-injury net average earnings in calculating the compensation payable to the worker. In 2009, the Commission also experienced an increase in the number and average value of permanent functional impairment awards, and an increase in pension replacement benefit payments.

The Commission experienced increases in payments across most health care cost categories. The more significant increase occurred in hospital services, prescription drugs and special programs. In 2009, health care costs related to hospitals increased by approximately $0.9 million. While part of this reflects an increase in hospital rates, most can be accounted for by the Commission's concentrated effort in the first quarter of 2009 to process unpaid hospital bills from prior periods. There was also one claim in which a long term hospitalization resulted in the Commission receiving a significant bill in 2009 for expenses incurred over a three-year period. Amounts paid to physicians increased consistent with a new fee schedule implemented in December 2008.

The payments for prescription drugs also increased as a result of the timing of bill payments. In addition, there was an increase in the prescribing of some newer drugs that tend to be more expensive and do not yet have less expensive generic alternatives. The Commission's drug formulary is updated on a regular basis to reflect the availability of generic drugs. The increase in payments for special programs was a result of an increase in the cost and number of multi-disciplinary assessments, as well as an increase in the number of injured workers in pain management programs.

Payments for short-term disability increased due to increases in average weekly wages and the maximum assessable and compensable earnings limit. The increase in the number of fatalities accepted in the year contributed to the growth in survivor benefit payments. Payments related to rehabilitation increased during the year as a result of injured workers staying involved in programs for longer periods.

(c) Administrative and other expenses

The Commission's administrative and other expenses include the cost of administration, amortization and other operational activities. In 2009, these expenses amounted to $31.7 million compared with $30.7 million in the previous year. Administration expenses totaled $27.3 million in 2009 compared with $26.9 million in the previous year. The year-over-year increase of $0.4 million (1.6 per cent) compares with a $3.1 million increase in 2008. The following provides further details on the increase in administration expenses.

- Salaries and benefits increased $0.9 million (4.4 per cent) as the compounded cost of the most recent wage settlement (eight per cent effective June 1, 2008 with a further four per cent effective June 1, 2009) was offset by vacancies and a reduction in an accrual for severance leave. The severance leave expense for 2009 was determined through an actuarial valuation which discounted estimated future obligations while the expense had previously been calculated without discounting. The Commission also utilized less overtime during 2009 as a result of operational efficiencies realized from the implementation of new systems. The Commission is limiting the growth in staffing to essential positions and those for which a proven business case exists.
- Office and communications expenses declined by $353,000 as the Commission was able to realize savings in computer services, printing and insurance costs.
- Building operations increased $57,000 due to general repairs and maintenance and special projects which were undertaken to improve health and safety.
- Travel and vehicle operating decreased $254,000 due to vacancies and staff turnover, the movement of certain field staff to in-house positions, fewer opportunities for externally provided training and fewer prevention workshops due to the affect of H1N1 prevention measures.
- Professional services increased $81,000 due to the cost of a review of internal controls over financial reporting, an independent evaluation of the early and safe return to work program and actuarial services for an occupational disease study. These costs were offset somewhat by reduced requirements for mines rescue training, as a result of less mining activity, and a deferral of requirements to develop new training standards, as a result of an extension in the effective dates of new occupational, health and safety regulations.

(d) Legislated obligations

The Commission is required by legislation to fund a portion of the operating costs of the Occupational, Health and Safety Branch of the Department of Government Services in delivering their occupational health and safety mandate. The Commission also reimburses the provincial government for a portion of the operating costs of the Department of Human Resources, Labour and Employment and the Labour Relations Agency in respect of administering the *Act*. Legislation also requires that the Commission fund all of the costs of operating the Workplace Health, Safety and Compensation Review Division and the Statutory Review. The Commission also provides funding to employer and worker advisor positions, as well as to Industry Sectoral Councils. Total legislated obligations and other commitments increased by $0.2 million in 2008 to $6.6 million.

Deficiency from operations

In 2009, the Commission produced a deficit of $8.2 million compared with a deficit in the previous year of $12.0 million. Before recognizing favourable actuarial adjustments for prior years' injuries the deficit from operations in 2009 was $14.9 million compared with a deficit in 2008 of $18.5 million. As noted above operating results were favorably impacted by growth in assessments revenue, an improvement in investment returns and third party recoveries.

Comprehensive Income (Loss)

The Commission records the investments in the Injury Fund at market value and records the unrealized gains and losses on these investments as other comprehensive income. The Commission's sources of other comprehensive income include unrealized investment gains and losses and permanent impairments in the value of Injury Fund assets. For 2009, the Commission recorded comprehensive income of $82.1 million compared with a comprehensive loss of $158.5 million in 2008. At December 31, 2009 the Accumulated Other Comprehensive Loss was $2.0 million, a reduction of $90.2 million from the accumulated loss recorded at the end of 2008. This turnaround reflects the general improvement in worldwide capital markets as investor confidence grew throughout 2009 with ongoing improvements in economic activity. The accumulated gains and losses will fluctuate on an annual basis depending on the direction of the capital markets, investment returns earned on the Injury Fund and the turnover of assets in the fund.

SIGNIFICANT MANAGEMENT ESTIMATES

Assessment revenue

On an annual basis the Commission's actuary estimates the average base assessment rate required to generate sufficient revenue to cover estimated claims costs for injuries occurring in the year, administration and capital expenditures, legislated obligations and a surcharge to amortize the unfunded liability in accordance with the Funding Policy. Changes in the level of economic activity and the payroll base in the province, as well as the costs of operating the workers' compensation system can affect the amount of revenue required. It is estimated that a five per cent change in the payroll base would impact assessment revenue by $7.3 million. It is possible that assessment revenue will not be sufficient in any one year to cover the cost of benefits and services provided for current and prior year injuries thereby requiring withdrawals from the Injury Fund.

Investments

The Commission accounts for the assets in the Injury Fund on a market value basis according to GAAP. As a result, all gains and losses realized on the turnover of assets are included in investment income in the period in which they occur. In addition, unrealized gains and losses are recorded in accumulated comprehensive income (loss). This accounting policy introduces a significant amount of volatility to the Commission's financial performance and consequently the funded position.

The Commission does not use this accounting policy to drive key business decisions. The Board of Directors continues to take a long-term view in determining the assessments charged to employers and before making recommendations to government for changes in the benefits paid to injured workers. The Board is guided by the Long-term Financial Strategy Policy in making these decisions.

Benefit Liabilities

Estimates of the Commission's benefit liabilities are based on projections of future benefit payments for each category of benefits promised to injured workers. The projections reflect long-term estimates of economic and actuarial assumptions and methods. The key assumptions are those related to the long-term discount rate (the gross rate of return), the long-term inflation rate and the rate of increase in health care costs. Many of the factors that influence these assumptions are beyond management's control and cause changes in the assumptions over time. The economic assumptions are consistent with the funding and long-term investment policies of the Commission. However, it is possible that changes in assumptions could cause a material change in the estimates of the Commission's benefit liabilities. The following table highlights the sensitivity of benefit liabilities and claims costs to changes in the key assumptions.

Sensitivity of Valuation Assumptions
(impact in $, millions)

One per cent Change in assumption	Impact	Benefit Liabilities	Claims costs
Decrease discount rate	Increase	$ 52.3	$ 3.7
Increase inflation rate	Increase	$ 30.9	$ 1.4
Increase health care inflation	Increase	$ 40.7	$ 4.1

ACCOUNTING CHANGES

Effective January 1, 2009, the Commission adopted the Canadian Institute of Chartered Accountants standard for Intangible Assets (CICA, section 3064) which requires that expenditures related to the design and development of new information systems be classified as intangible assets. Previously, expenditures for new information systems were recorded as capital assets. Under the new standard the information systems development expenditures are recognized as intangible assets. In addition, research and training expenditures are no longer included under information systems development but are expensed in administration costs.

In conjunction with the adoption of the new standard the Commission also reconsidered the estimated useful lives of systems development initiatives and changed the amortization period of these assets from five to ten years. The Commission estimates that future benefits will be derived from the systems over a period of ten years.

At January 1, 2009, the Commission reclassified all information systems development expenditures as intangible, reduced the opening asset value for any unamortized training and research costs and amortized the remainder on a prorata basis over the estimated remaining useful life to a maximum of ten years. The unamortized training and research costs totaled $421,000 and have been charged to other costs. The effect of the change in estimated useful lives is to reduce future annual amortization charges by approximately $0.9 million.

RECENT ACCOUNTING STANDARDS PENDING ADOPTION

In October 2009, the Accounting Standards Board issued a third and final omnibus exposure draft confirming that publicly accountable enterprises in Canada will be required to apply IFRS, in full and without modification, beginning January 1, 2011. The Commission is publicly accountable due to its fiduciary role in managing the workers' compensation Injury Fund on behalf of government and workplace parties. On January 1, 2011, the Commission will convert to IFRS and cease to report under Canadian Generally Accepted Accounting Principles (GAAP).

While Canadian GAAP is similar to IFRS in many respects the conversion will result in differences in recognition, measurement and disclosure in the financial statements. The Commission's conversion project, which commenced in 2009, consists of five phases including; IFRS diagnostic impact assessment, design and planning, solution development, implementation and post implementation review. Activities in the diagnostic impact assessment phase included training of core project team members. The implementation phase includes the rollout of training for staff, management and the Board of Directors. The Commission has progressed to the implementation phase. The Financial Services Committee of the Board oversees progress on the conversion plan. The Commission has taken the following actions to date in the conversion to IFRS:

- Created a steering committee to oversee the activities of the IFRS conversion team,
- Designated a project lead and engaged the services of external advisors,
- Performed a gap analysis to determine the extent to which the Commission's current accounting policies differ from IFRS,
- Documented the proposed application of relevant IFRS in comprehensive "white papers",
- Reviewed the white papers with its current external auditors and incorporated their feedback,
- Received approval from the Financial Services Committee and the Board of Directors on key accounting policy choices, and
- Begun the process of preparing draft IFRS financial statements.

To date the Commission has identified the following impacts on its information systems, internal controls and financial reporting.

(a) Impact on information systems and technology

The Commission will need to create the ability for information systems to track IFRS adjustments for the 2010 comparative year, as well as the ability to generate new or modified reports to assist in preparing note disclosures required by IFRS. General ledger account structures will be modified to facilitate the new reporting. At this time, the transition to IFRS is expected to have minimal impact on other information systems.

(b) Impact on internal controls

In conjunction with the IFRS project the Commission has also undertaken a comprehensive review of internal controls over financial reporting which resulted in the identification of certain improvements in internal control processes. The Commission's transaction-level controls and internal business processes will not be affected by the transition to IFRS in a material way.

(c) Impact on financial reporting

IFRS employs a conceptual framework that is similar to Canadian GAAP. While the adoption of IFRS will not affect the Commission's cash flows and assessment rate setting process, it will result in changes in the Commission's reported financial position and results of operations. The following identifies the areas in which the Commission expects differences on conversion to IFRS.

IFRS 1 – *First Time Adoption of International Financial Reporting Standards*. IFRS 1 provides guidance for the initial adoption, commencing with the first annual period in which the Commission reports under IFRS, that period being the year ending December 31, 2011. On conversion the Commission will adjust its comparative prior period financial statements to comply with IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional balance sheet date with all adjustments to assets and liabilities taken into the opening fund balance unless certain exemptions and elections are applied. At this time the Commission expects to elect to measure its building and land at fair value as at January 1, 2010. A recent appraisal indicates that the increase in carrying value could be approximately $5.0 million on transition to IFRS.

IFRS 4 – *Insurance Contracts*. The International Accounting Standards Board (the IASB) is currently progressing through a multi-stage project related to the development of accounting standards for insurance contracts. The outcome of the first stage has been evaluated and is not expected to have a material affect on the Commission's IFRS based financial statements. However, in the second phase the IASB plans to address the determination of the appropriate discount rate to use in the valuation of benefit liabilities. The selection of the discount rate and the frequency at which the rate is updated could introduce significant volatility in the future value of benefit liabilities and the Commission's funded status. The IASB expects to release a final standard in 2011.

IFRS 9 – *Financial Instruments*. The Commission currently categorizes Injury Fund assets as available for sale and records realized gains and losses in investment income in the period in which they occur in the Statement of Operations. In addition, unrealized gains and losses are included on the Statement of Financial Position in accumulated comprehensive income (loss). The IASB is proposing to reduce the number of categories of financial instruments to those measured at amortized cost or fair value. It is also proposing that all gains and losses be recorded in the period in which they occur with one exception. Entities may make an irrevocable election to present gains and losses on an investment in equity instruments in other comprehensive income. Impairment testing would no longer be required for assets where the gains and losses are recorded in the Statement of Operations. The effective date for this new standard is January 1, 2013 but earlier adoption is permitted. The adoption of the IFRS 9, without the reporting election, could introduce further volatility in the operating results and funded status of the Commission. A final decision as to the application of this standard is pending.

The Commission continues to monitor standards to be issued by the IASB but it is difficult to predict which IFRS will be effective at the end of 2011, as the IASB work plan includes several projects with anticipated completion dates in 2010 and 2011. As a result the final impact of IFRS on the Commission's financial statements can only be measured when all effective and applicable IFRS are known at the conversion date.

OUTLOOK

In 2009, the workers' compensation system in Newfoundland and Labrador was the beneficiary of a much improved investment environment, a continued downward trend in injury rates and a continued growth in the payroll base. The Commission, as administrator of the system, was effective in introducing components of a new claims management model and realizing efficiencies and improvements in service delivery. Efforts are underway to develop a claims duration strategy which will build on recent success in reducing the duration of short-term claims and further enhance the medical management of claims.

Despite the relative success of 2009, stakeholders should be mindful of the delicate balance that exists among investment returns, injury rates and claims costs and the effect these factors have on the Commission's funded status. While the rate of return for 2009 represents a significant improvement from the downturn experienced in 2008, the Commission must continue to earn substantially more than the actuarial rate of return (currently 7.12 per cent) to ensure the financial sustainability of the Injury Fund and provide for the security of benefits. The Commission's funded status improved from 77.3 per cent in 2008 to 87.5 per cent in 2009. However, the Board of Directors' long-term goal is to achieve a funded status of 110 per cent.

The growth in payrolls, along with a downward trend in new accidents has offset the affect of the upward pressure on claims costs in the short-term. The provincial injury incidence rate is at an all time low and the extent to which further reductions are achieved, or a reversal in the trend is avoided, will depend on maintaining a committed focus on workplace safety by all stakeholders. The Commission is also taking steps to mitigate the growth in claims costs, particularly in delivery of health care devices and services while maintaining the quality of client service. Unfavorable movements in the above factors have the potential to disrupt the current balance and lead to an increase in assessment rates. Assessment rates continue to be among the highest in the country and another 18 years of surcharges are required to amortize the current funding deficiency.

In September of 2009, the Commission made a decision to keep the average base assessment rate per $100 of assessable payroll at $ 2.75 for 2010, the same as it was for 2009. This decision was guided by the Commission's funding policy which requires that the average assessment rate be adjusted to allow the Commission to achieve its long-term funding target of 110 per cent over a 15-year period. According to the terms of the funding policy, an increase of 12 cents to the average assessment to $2.87 for 2010 was required to address the funding deficiency at the end of 2008. However, the funding policy specifies that calculated rate adjustments less than five per cent are not implemented. The purpose of this provision is to avoid relatively minor fluctuations in assessment rates on a year-over-year basis. Because the calculated increase was less than five per cent, the Commission kept the average base assessment rate the same as it was for 2009. During 2009, the improvement in the Commission's net funding deficiency reduced the upward pressure on the average assessment rate. However, other factors such as future trends in accident experience will also impact the average assessment rate.

Government is forecasting the provincial economy will expand by 1.7 per cent in 2010 compared with the 8.5 per cent contraction estimated for 2009. The growth in 2010 will be lead by increases in personal incomes, retail trade and capital investment, which in turn is expected to generate a modest increase in employment. The speed at which the global economy and natural resource consuming nations recover from the recent recession will impact the provincial economy's ability to meet or exceed government's expectations.

As the Board of Directors undertakes the development of the Commission's next strategic plan the key goal areas will continue to include client service, injury prevention and financial sustainability. In order to enhance the organization's ability to deliver on the strategic goals emphasis will be maintained on strengthening the Commission's people resources. It is expected that the Board of Directors' strategic focus will mitigate the challenges and risks faced by the Commission.

2009 Financial Statements

Management responsibility for financial reporting

The financial statements of the Workplace Health, Safety and Compensation Commission were prepared by management who are responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada. Financial information contained elsewhere in this Annual Performance Report is consistent with these financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains a system of accounting and reporting which provides for the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The Internal Auditor performs audits designed to test the adequacy and consistency of the Commission's internal controls, practices and procedures.

The Board of Directors oversees management responsibility for financial reporting through its Financial Services Committee. The Financial Services Committee oversees the external audit of the Commission's annual financial statements and the accounting and financial reporting and disclosure processes and policies of the Commission. The Financial Services Committee meets with management, the independent actuary, the independent auditors and the internal auditor to discuss the results of the audit, the adequacy of internal accounting controls and the quality and integrity of financial reporting. The Commission's annual financial statements are reviewed by the Financial Services Committee with each of management and the external auditors before being recommended to the Board of Directors for approval.

The firm of Morneau Sobeco has been appointed as independent consulting actuary to the Commission. Its role is to complete an independent actuarial valuation of the benefit liabilities of the Commission on an annual basis and to report thereon in accordance with generally accepted actuarial principles.

Grant Thornton, LLP, the external auditors of the Commission, have performed an independent audit of the 2009 financial statements of the Commission in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of this independent audit and the opinion expressed.

Leslie Galway
Chief Executive Officer

Paul Kavanagh
Chief Financial & Information Officer

Actuarial Statement of Opinion

I have completed the actuarial valuation of the benefit liabilities of the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador (the "Commission") as at December 31, 2009 (the "valuation date"). Details of the data, actuarial assumptions, valuation methods and results are included in the actuarial valuation report as at the valuation date, of which this statement of opinion forms part. In my opinion:

1. The estimate of the actuarial liabilities for assessed employers as at the valuation date is $831,298,585. This includes provisions for benefits and future administration expenses expected to be paid after the valuation date for claims that occurred on or before the valuation date. Self-insured employers, and future claims arising from long latency occupational diseases are not included in this valuation.

2. The valuation is based on the provisions of the Workplace Health, Safety and Compensation Act of Newfoundland and Labrador and on the Commission's policies and practices in effect on the valuation date.

3. The data on which the valuation is based were supplied by the Commission in accordance with specifications provided by us. We applied such checks of reasonableness of the data as we considered appropriate, and have concluded that the data are sufficient and reliable to permit a realistic valuation of the liabilities of the Commission.

4. The actuarial assumptions adopted in computing the liabilities are adequate and appropriate, and the methods used are in accordance with accepted actuarial practice for workers compensation organizations in Canada. The economic assumptions are consistent with the long-term financial strategy and long-term investment policies of the Commission. The discount rates used are disclosed in note 13 to the financial statements.

Conrad Ferguson, F.S.A., F.C.I.A.
Partner, Morneau Sobeco

March 22, 2010
Date

Grant Thornton

Auditors' report

Grant Thornton LLP
187 Kenmount Road
St. John's, NL
A1B 3P9

T (709) 722-5960
F (709) 722-7892
www.GrantThornton.ca

To the Board of Directors of the
Workplace Health, Safety and Compensation
Commission of Newfoundland and Labrador

We have audited the statement of financial position of the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador at December 31, 2009 and the statements of operations, changes in fund deficiency, comprehensive loss and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

March 19, 2010

Chartered Accountants

Audit • Tax • Advisory
Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd

STATEMENT OF FINANCIAL POSITION as at December 31

(dollars in thousands)	**2009**	2008
Assets		
Cash and cash equivalents	**$ 101**	$ 124
Receivables (Note 5)	**13,865**	11,298
Investments (Note 6)	**710,007**	611,923
Capital assets (Note 8)	**3,925**	4,500
Intangible assets (Note 9)	**12,165**	11,132
	$ 740,063	$ 638,977
Liabilities		
Payables and accruals (Note 11)	**$ 14,643**	$ 18,896
Benefit liabilities (Note 12)	**831,299**	807,998
Total liabilities	**845,942**	826,894
Fund Deficiency	**(105,879)**	(187,917)
	$ 740,063	$ 638,977

Commitments (Note 23)

Contingencies (Note 24)

On behalf of the Commission

Ralph Tucker
Chairperson

Darren Roberts
Director

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

STATEMENT OF OPERATIONS years ended December 31

(dollars in thousands)	**2009**	2008
Revenue		
Assessments	**$ 159,951**	$ 151,782
Investment income (Note 6)	**15,845**	13,763
Third party recoveries (Note 3c)	**3,932**	-
	179,728	165,545
Expenses		
Claims costs incurred (Note 12)		
Short-term disability	**28,282**	29,549
Long-term disability	**67,551**	64,250
Survivor benefits	**11,333**	5,024
Health care	**44,041**	43,125
Rehabilitation	**1,361**	1,312
Future administration costs	**3,765**	3,675
	156,333	146,935
Administration (Note 16)	**27,340**	26,897
Legislated obligations (Note 17)	**6,588**	6,424
Amortization (Notes 2 & 3)	**2,555**	2,859
Other (Note 18)	**1,787**	915
	194,603	184,030
Deficit from operations	**(14,875)**	(18,485)
Actuarial adjustments (Note 12)	**6,725**	6,450
Deficit for the year	**$ (8,150)**	$ (12,035)

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

STATEMENT OF CHANGES IN FUND DEFICIENCY years ended December 31

(dollars in thousands)	**2009**	2008
Accumulated operating deficit (Note 15)		
Balance, beginning of year	**$ (96,502)**	$ (84,467)
Operating deficit	**(8,150)**	(12,035)
	(104,652)	(96,502)
Accumulated other comprehensive (loss) income		
Balance, beginning of year	**(92,254)**	54,191
Other comprehensive income (loss)	**90,212**	(146,445)
	(2,042)	(92,254)
Reserves		
Occupational Health and Safety Research	**815**	839
Fund deficiency end of year	**$ (105,879)**	$ (187,917)

STATEMENT OF COMPREHENSIVE INCOME (LOSS) years ended December 31

(dollars in thousands)	**2009**	2008
Deficit for the year	**$ (8,150)**	$ (12,035)
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale investments	**75,049**	(141,146)
Realized loss (gains) on available-for-sale investments included in deficit from operations	**11,689**	(12,077)
Permanent impairment included in deficit from operations on available-for-sale investments	**3,474**	6,778
Net change in other comprehensive income (loss) for the year	**90,212**	(146,445)
Comprehensive income (loss)	**$ 82,062**	$ (158,480)

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

STATEMENT OF CASH FLOWS years ended December 31

(dollars in thousands)	**2009**	2008
Cash flow from operating activities		
Cash received from:		
Employers, for assessments	**$ 161,316**	$ 151,115
Investment income	**20,534**	21,699
	181,850	172,814
Cash paid to:		
Claimants or third parties on their behalf	**(126,307)**	(121,129)
Suppliers and employees, for administrative and other goods and services	**(39,954)**	(33,059)
Third party, from reserve fund	**(24)**	(50)
	(166,285)	(154,238)
Net cash provided from operating activities	**15,565**	18,576
Cash flow from financing activities		
Repayment of short-term borrowings	**-**	(4,935)
Net cash used for financing activities	**-**	(4,935)
Cash flow from investing activities		
Purchase of investments	**(12,149)**	(8,656)
Purchase of capital and intangible assets	**(3,439)**	(4,282)
Net cash used for investing activities	**(15,588)**	(12,938)
Net (decrease) increase in cash and cash equivalents	**(23)**	703
Cash and cash equivalents		
Beginning of year	**124**	(579)
End of year	**$ 101**	$ 124

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

NOTES TO FINANCIAL STATEMENTS years ended December 31, 2009 and 2008

1. Nature of operations

The Workplace Health, Safety and Compensation Commission (the Commission) was established by the Newfoundland Legislature in 1951, under the *Workplace Health, Safety and Compensation Act (*the *Act),* as amended. The Commission is responsible for, in accordance with the provisions of the *Act,* preventing and reducing the occurrence of workplace injuries and diseases through the promotion of health and safety in workplaces; the establishment of occupational health and safety certification standards and certification of trainers; facilitating the claims management process and administering the payment of benefits to injured workers and dependents of fatally injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and investing funds, following investment policies which are approved by the Commission within guidelines established under the *Insurance Companies Act* (Canada). An independent Workplace Health, Safety and Compensation Review Division is established under *the Act* to make rulings on any appeals pertaining to the Commission's assessment or benefit decisions. The Commission does not receive government funding or other assistance.

The Commission administers the *Act* for two groups of employers, referred to as assessment-based employers and self-insured employers. Assessment-based employers are insured through "collective liability" and are required to contribute to the Commission's Injury Fund, whereas self-insured employers are individually liable. The Commission pays the actual cost of claims for self-insured employers and bills them on a monthly basis for payments related to short-term disability, health care, rehabilitation, extended earnings loss, permanent functional impairment awards and survivor benefits, together with their proportionate share of administration costs.

2. Adoption of new Canadian accounting standards

Effective January 1, 2009, the Commission adopted the Canadian Institute of Chartered Accountants standard for Intangible Assets (CICA – 3064) which requires that expenditures related to the design and development of new information systems be classified as intangible assets. Previously, expenditures for new information systems were recorded as capital assets. Under the new standard the information systems development expenditures are recognized as intangible assets. In addition, research and training expenditures are not included under information systems development but are expensed in administration costs. The unamortized training and research costs totaled $421,000 and have been charged to other costs.

In conjunction with the adoption of the new standard the Commission also reconsidered the estimated useful lives of systems development initiatives and changed the amortization period of these assets from five to ten years. The Commission estimates that future benefits will be derived from the systems over a period of ten years.

At January 1, 2009, the Commission reclassified all information systems development expenditures as intangible, and amortized the remainder on a pro rata basis over the estimated remaining useful life to a maximum of ten years. The effect of the change in estimated useful lives is to reduce future annual amortization charges by approximately $945,000.

3. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The Commission's significant accounting policies are as follows:

(a) Cash and cash equivalents

Cash and cash equivalents which include cash, bank overdrafts and short-term investments in money market instruments and which will be liquidated in the near term are recorded at fair value.

(b) Assessments revenue

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls. The assessment levy is payable by installments within the current year. At year-end, assessment income is adjusted based on a review of the employers' actual payrolls.

(c) Third party recoveries

In certain circumstances, under Section 45 of the *Act,* the Commission is deemed to be an assignee of a cause of action in respect of a claimant disability. The amount by which settlements exceed the cost of the action, including administration and future benefit entitlement, are paid to the worker or dependents. Amounts received from third party recoveries are recorded in the year settlement occurs. No provision is made in the benefit liability for possible future third party recoveries due to their contingent nature.

(d) Assessments receivable

Due to varying economic conditions, actual employers' payrolls may differ from original estimates. Therefore, at year-end, a provision for accrued assessments is recorded based on historical assessment information.

(e) Investments

Investments are designated as available-for-sale and are recorded at fair value. The Commission applies trade date accounting for investments. Gains and losses realized on the disposal of investments are recorded in operating surplus in the year. Unrealized gains and losses are recorded in other comprehensive income until realized. Interest and dividend income are recognized in the period earned.

The Commission assesses at each balance sheet date whether there is objective evidence of whether its investments have suffered impairment in value that is other than temporary. If any such evidence exists, the carrying amount of the investment is reduced to the extent that it is impaired and the amount of the loss is recognized in the statement of operations.

(f) Capital assets

Capital assets are reported at cost and are amortized monthly on a straight-line basis over their estimated useful lives. The periods used are as follows:

Building	40 years
Furniture and equipment	10 years
Computer equipment	1 to 5 years
Equipment under capital lease	3 to 5 years

3. Significant accounting policies (cont'd)

(g) Intangible assets

Intangible assets, which include information systems development, are reported at cost and are amortized monthly on a straight-line basis over their estimated useful lives which is determined to be 10 years. The information systems development is reviewed for impairment annually. Due to the custom nature of the systems development there is no active market to determine value therefore indicators of impairment include:

- Discontinued use of the system,
- Using the system for fewer functions and processes than originally intended, and
- Unexpected change in the duration of its life.

(h) Benefit liabilities

The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include a provision for all benefits provided by current legislation, policies and/or business practices in respect of existing claims and for future costs of administering claims. No provision has been made for future claims related to latent occupational disease, because they cannot be reasonably estimated.

The benefit liabilities were determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

Benefit liabilities related to self-insured employers will be the responsibility of those employers when paid in future years. Accordingly, these benefit liabilities have not been determined by actuarial valuation and thus are not included in the Commission's benefit liabilities.

(i) Reserves

In accordance with Section 20.5 (1) of the *Act*, the Commission maintains a special reserve fund for the purpose of health and safety research. The *Act* permits the Commission to allocate up to a maximum of 2 per cent of its total assessment and investment income in each calendar year to establish and maintain this special fund.

In accordance with Section 116 (1) of the *Act*, the Commission may, at its discretion, establish reserves for the following:

- to meet an increase in the capitalization of compensation payments payable in future years where the increase cannot be provided without placing an undue burden on the employers in an industrial classification;

- to meet the loss arising from a disaster or other circumstances which would unfairly burden the employers in an industrial classification; or

- subject to the approval of the Lieutenant-Governor in Council, to meet the costs of particular needs of the Commission that it considers necessary.

3. Significant accounting policies (cont'd)

(j) Use of accounting estimates

1) Benefit liabilities

An actuarial valuation of the benefit liabilities is prepared by an independent firm of consulting actuaries who have rendered their opinion that the valuation was prepared in accordance with accepted actuarial practice, and that the actuarial assumptions are appropriate.

The Commission believes that the amount provided for benefit liabilities as at December 31, 2009, is adequate, recognizing that actuarial assumptions as disclosed in Note 13 may change over time to reflect underlying economic trends. When they do, it is possible to cause a material change in the actuarial present value of the future payments.

2) Assessments revenue

Accounts receivable at year-end include an estimate of annual premium revenues for the year that have not yet been received from employers. The recorded amounts are based upon management's best information and judgment, having regard to actual experience in preceding years. However, until all employers actually submit their final annual payroll information to the Commission, the recorded assessments revenues for the year and the estimated amounts receivable at year-end are subject to measurement uncertainty.

(k) **Financial instruments**

The Commission's financial instruments consist of cash and cash equivalents, receivables, investments and accounts payable and accruals. The carrying value of financial instruments, with the exception of investments, approximate their fair values due to their immediate or short-term maturity and normal credit terms. The fair value of investments is based on quoted market prices.

The following is a summary of the accounting model the Commission has elected to apply to each of its significant categories of financial instruments.

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Investments	Available-for-sale	Fair value
Derivatives	Held for trading	Fair value
Payables and accrued liabilities	Other liabilities	Amortized cost

Investments include derivatives, which are financial contracts whose price is dependent on the price of one or more underlying securities. The notional principal amounts, upon which payments are based, are not recognized in these financial statements.

3. Significant accounting policies (cont'd)

The fair value of the Commission's derivative positions is determined by the following methods:

1) Interest rate swaps, forward foreign exchange contracts and currency swaps are valued based on discounted cash flows using current market yields and exchange rates.

2) Futures contracts are valued based on quoted market prices.

(l) **Annual leave and post-employment benefits**

Costs for employee future benefits related to annual leave are accrued over the periods in which the employees render services in return for these benefits.

Under conditions of employment, employees may qualify and earn severance benefits. The liability for accrued severance benefits is based on the December 31, 2009 actuarial valuation calculated by the Commission's actuary. This benefit is calculated using a discounted cash flow method.

(m) Recent accounting standards pending adoption

In February 2008, the Canadian Accounting Standards Board confirmed that all publicly accountable enterprises will be required to report under International Financial Reporting Standards (IFRS) in 2011 at which time IFRS will replace Canadian generally accepted accounting principles. On January 1, 2011, these standards will apply to the Commission. The Commission has continued with the conversion to IFRS and is at the implementation phase of the project.

4. Long-term Financial Strategy

The objective of the Commission's Long-term Financial Strategy is to maintain a funded position that will provide for the security of benefits promised to injured workers within employers' reasonable ability to pay assessments. The strategy provides guidance to the Commission in responding to external influences, such as volatile investment markets and general economic factors, in a controlled and responsible manner.

The Commission's funded position is defined by the relationship of total assets to total liabilities and the Injury Fund is fully funded when the total assets equal or exceed total liabilities. However, due to the potential volatility of investment market returns, the Board of Directors has established a funding target of total assets equal to 110 per cent of total liabilities. The Funding Policy specifies a funding target operating range from 100 per cent to 120 per cent. If the funded status moves outside the targeted range the Commission will adjust assessment rates paid by employers over a fifteen year period to achieve the funding target. The Commission's assessment rates for 2009 and 2010 include an upward adjustment of $0.25 per $100 of payroll. This adjustment will be retained until the 110 per cent funding target is reached.

At funding levels above 140 per cent the Commission will consider one-time expenditures. One-time expenditures include, but are not limited to, benefit improvements, assessment rebates and funding for prevention programs. The introduction of benefit improvements is subject to the approval of the Government of the Province of Newfoundland and Labrador. In order to ensure the long-term sustainability of the workers' compensation system, the Commission will take into account the current and all future costs associated with any one-time expenditures.

4. Long-term Financial Strategy (cont'd)

The following statement outlines the components of the Commission's net funding strategy deficiency. The fund deficiency represents the amount by which the Commission's total liabilities exceeded its total assets at December 31, 2009. The required 10 per cent stabilization fund represents the additional assets required to meet the Commission's 110 per cent long-term funding target. The stabilization fund is calculated as 10 per cent of the total liabilities at December 31, 2009. The impact of assessment rate adjustments is calculated using the current surcharge of $0.25 per $100 of payroll. The surcharge would have to be maintained until 2027 to recover the current funding strategy deficiency.

Funding Statement	**2009**	2008
Fund deficiency	**$ 105,879**	$ 187,917
Required 10% stabilization fund	**84,594**	82,689
Funding strategy deficiency	**190,473**	270,606
Less: impact of assessment rate adjustments	**(190,473)**	(270,606)
Net funding strategy deficiency	**$ -**	$ -

The Fund balance consists of accumulated net operating deficits, accumulated other comprehensive loss, and the occupational health, safety and research reserve. Accumulated comprehensive loss represents the unrealized holding gains and losses from changes in the fair values of the Injury Fund assets. The Commission maintains one reserve within the Injury Fund: the Occupational Health and Safety Research Reserve.

5. Receivables

(dollars in thousands)	**2009**	2008
Assessments	**$ 8,298**	$ 10,083
Less: Allowance for doubtful accounts	**4,092**	4,280
	4,206	5,803
Accrued assessments	**4,300**	4,300
Third party recoveries	**3,932**	-
Other	**1,427**	1,195
	$ 13,865	$ 11,298

6. Investments

(dollars in thousands)	**2009**		2008	
	Fair Value	**Cost**	Fair Value	Cost
Fixed term	**$ 237,931**	**$ 237,409**	$ 272,009	$ 284,215
Equities	**472,076**	**474,630**	339,914	419,430
	$ 710,007	**$ 712,039**	$ 611,923	$ 703,645

6. Investments (cont'd)

Included in fixed term investments is the Commission's investment in third party sponsored asset backed commercial paper ("ABCP"). The ABCP was originally issued by Rocket Trust (Series A) with a par value of $2,967,000 (maturity value $3,000,000) in 2007.

As part of the ABCP restructuring plan completed on January 21, 2009 the Commission's interest in the ABCP was replaced with a number of long term floating rate notes ("the Notes"). These notes representing the pooled assets were issued under a Master Asset Vehicle (MAV 2) Trust Indenture with up to four classes named A1, A2, B and C in declining order of seniority. The ABCP relating to ineligible for pooling ("Ineligible Assets") and traditional financial assets ("Traditional Series") was replaced with tracking notes whose characteristics are designed to track the performance of the particular assets of the series to which they correspond.

The Commission has undertaken a fair value estimation as of December 31, 2009 using a methodology consistent with that of the previous year. Due to the lack of an active market that methodology employed a discounted cashflow model which considered the specific characteristics of the Notes.

Based upon a sensitivity analysis of the assumptions used, the expected yield required by a potential investor remains the most significant assumption included in the fair value estimate. Based on this exercise the Commission estimated that as at December 31, 2009 the range of fair values varied between $1,724,000 and $1,959,000. The Commission's estimate of fair value is $1,838,000. There can be no assurance that this estimate will be realized. Subsequent adjustments, which could be material, may be required in future reporting periods. The table below summarizes the Commission's valuation as at December 31.

(dollars in thousands)	Par Value	Fair Value 2009	Fair Value 2008	Expected Maturity date
MAV 2 Notes				
A1 (rated A)	$ 2,500	**$ 1,833**	$ 1,441	12/20/2016
C	78	**1**	3	12/20/2016
Class 13 - tracking notes	393	**4**	59	03/20/2014
Total investment	$ 2,971	**$ 1,838**	$ 1,503	

The Commission has reduced the fair value estimate of the Class C and Class 13 notes due to weaknesses in the underlying assets which have increased the probability of default of these notes. Consequently, the Commission has recognized an additional other than temporary impairment totaling $57,500 for the decline in the Class C and Class 13 Notes. The total impairment on the notes recognized to December 31, 2009 is $1,418,000.

At December 31, 2009 the fair value of the Commission's derivative portfolio was $10,000 (notional value of $6,580,000). Derivative instruments held at December 31, 2008 had a fair value of $532,000 (notional value of $5,666,000).

6. Investments (cont'd)

Investment income is comprised of the following:

(dollars in thousands)	**2009**	2008
Interest and dividends	**$ 22,723**	$ 24,010
Realized investment loss	**(5,449)**	(1,690)
Recognized impairment other than temporary	**(3,474)**	(6,777)
Unrealized (loss) gain on derivatives	**(522)**	532
Reversal of other than temporary impairment on sale	**4,756**	-
	18,034	16,075
Less: Portfolio management expenses	**(2,189)**	(2,312)
Total investment income	**$ 15,845**	$ 13,763

The Commission's asset mix policy for 2009 and 2008 is presented below:

	Asset Mix	**Tolerance Range**
Bonds, Canadian	35%	±5%
Equities, Canadian	35%	±5%
Equities, United States	15%	±3%
Equities, Europe, Asia and Far East (EAFE)	15%	±3%

During 2009 the Commission's Board of Directors approved a change in the asset mix policy to include a 5 per cent allocation to Canadian real estate. This change will be accomplished by reducing the allocation to Canadian bonds from 35 to 30 per cent. The Commission plans to implement this change commencing in 2010.

7. Financial risk management

The Commission manages its investment portfolio in accordance with its Long-Term Investment policy. The investment risk inherent in an investment portfolio is managed through diversification in both asset classes and investments within each asset class. The Commission also engages a number of different fund managers with a broad range of investment philosophies and styles.

The Board of Directors is ultimately responsible for the governance and strategic direction of the Commission's investments through its review and approval of the Long-Term Investment policy and ensuring adherence to the policy. Management is responsible for monitoring performance, regular reporting to the Board, and recommending changes in the investment policy or fund managers. The Board and Management use the services of an external consultant to benchmark the performance of fund managers and to provide advice on investment policies and practices.

7. Financial risk management (cont'd)

The following sections describe the key financial risk exposures and management strategies to mitigate these risks.

(a) Credit risk management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. At least 83.8 per cent (2008; 95.4 per cent) of the fixed income assets in the portfolio have at least an 'A' credit rating. The Commission does not anticipate that any issuers will fail to meet their obligations.

The Commission may invest in short-term commercial debt or paper rated R1 or higher. Provincial short-term debt and debt of agencies guaranteed by the provinces may be rated lower than R1. The short-term portfolio investments held with any one corporate issuer is limited to 10 per cent, at any given time, of the Commission's estimated annual cash receipts.

(b) Currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates compared to the Canadian dollar. Forward foreign exchange and futures contracts are used to hedge the currency risk of certain foreign denominated fixed term investments. Hedge accounting has not been applied to hedging arrangements. The Commission does not undertake hedging strategies for the currency risk of foreign equity investments. Currency fluctuations are not expected to affect the long term position of the investment portfolio.

As at December 31, 2009, the Commission's holdings in foreign equities and pooled equity funds had a market value of $198.9 million (2008; $148.9 million) representing 28.0 per cent (2008; 24.3 per cent) of the market value of the total investment portfolio.

The table below presents the negative effect of a 10 per cent appreciation in the value of the Canadian/US dollar and the Canadian/Euro dollar on the value of the equity portfolio.

(dollars in thousands)	**2009**		2008	
	CAD/US	**CAD/EURO**	CAD/US	CAD/EURO
10% Appreciation in the Canadian dollar	**$ (9,293)**	**$ (3,241)**	$ (7,390)	$ (2,157)

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates. The Commission is exposed to interest rate risk through investment in fixed income securities. Interest rate risk is managed through diversification of fixed income securities through sector allocation and security duration.

7. Financial risk management (cont'd)

The table below presents the negative effects of a 50 basis point (bps) and 100 bps adverse change in interest rates on the fixed income portfolio:

(dollars in thousands)	**2009**		2008	
Change in nominal interest rates	**+50bps**	**+100bps**	+50bps	+100bps
Nominal Bonds	**$ (7,087)**	**$ (13,879)**	$ (7,677)	$ (15,156)

The table below represents the remaining term to maturity of the Commission's fixed term investments:

(dollars in thousands)	Remaining Term to Maturity				
Fair Value	Within 1 year	Within 1 to 5 years	Over 5 years	Total 2009	Total 2008
Fixed Term Investments	$ 25,952	$ 63,917	$ 148,062	$ 237,931	$ 272,009

(d) Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its contractual obligations and financial liabilities. The Commission manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash, and credit facilities available to meet its obligations and liabilities.

(e) Market risk

Market risk is the risk that the fair value of marketable securities or long-term investments will change as a result of changes in the market price. Market prices of securities are subject to change as a result of perceived or real underlying changes in the economic condition of the issuer, the relative price of alternative investments, and general market conditions.

The Commission manages market risk through adherence to an investment policy that prescribes an asset mix that provides for the diversification of risk across a broad group of securities that meet the long term return objectives of the investments portfolio.

7. Financial risk management (cont'd)

The table below presents the effect of a material change[1] in the key risk variable, the sector benchmark, for each of the equity mandates in the Commission's equity portfolio.

(dollars in thousands)	**2009**		2008	
Equities	**1 std dev**	**2 std dev**	1 std dev	2 std dev
% Change in Market Benchmark	**(16.7%)**	**(33.4%)**	(14.9%)	(29.8%)
Canadian Equity	**$ (38,951)**	**$ (68,140)**	$ (24,729)	$ (43,775)
% Change in Market Benchmark	**(12.6%)**	**(25.2%)**	(10.8%)	(21.7%)
US Equity	**$ (10,829)**	**$ (19,480)**	$ (7,659)	$ (13,955)
% Change in Market Benchmark	**(14.4%)**	**(28.7%)**	(12.7%)	(25.4%)
Foreign Equity	**$ (12,819)**	**$ (22,775)**	$ (7,959)	$ (14,305)

8. Capital assets

(dollars in thousands)	**2009**			2008
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	**$ 11**	**$ -**	**$ 11**	$ 11
Building	**8,345**	**5,635**	**2,710**	2,785
Furniture and equipment	**2,760**	**2,421**	**339**	387
Computer equipment	**6,854**	**5,989**	**865**	1,317
Equipment under capital lease	**201**	**201**	**-**	-
	$ 18,171	**$ 14,246**	**$ 3,925**	$ 4,500

9. Intangible assets

(dollars in thousands)	**2009**			2008
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Systems development	**$ 26,110**	**$ 13,945**	**$ 12,165**	$ 11,132

Included in systems development costs for 2009 is $2,656,000 (2008; $3,093,000) related to business improvement projects.

[1] *Material risk is measured by analyzing the effect of the change in the benchmark return rate. The change is measured through the use of standard deviation. Standard deviation measures the normal variance in a probability distribution. One standard deviation (std dev) covers 68 per cent of all probable outcomes; two standard deviations cover 95 per cent of all probable outcomes.*

10. Bank indebtedness

The Commission has established an operating line of credit with its banker in the amount of $20,000,000. Advances on the line of credit bear interest at the bank's prime interest rate minus 0.4 per cent. The credit facility is unsecured and was utilized during 2009 to the amount of $15,000,000; of which no amount was outstanding at December 31, 2009 (2008; Nil).

11. Payables and accruals

(dollars in thousands)	**2009**	2008
Accounts payable	**$ 8,376**	$ 10,240
Annual leave, post-employment benefits, and other amounts due to employees	**3,393**	5,581
Credit balances due to employers	**2,874**	3,075
	$ 14,643	$ 18,896

In 2009, accounts payable includes a provision of $2,100,000 (2008; $3,200,000) for amounts owing to employers under the Commission's practice incentive and experience refund programs.

Post-employment benefits are the Commission's obligation to 385 employees for severance benefits. During the year the Commission engaged its actuary to complete a valuation of the liability for severance benefits which included discounting the future obligations. In prior years the liability was determined on a non-discounted basis. The change to an actuarial valuation resulted in a decrease in severance liability of approximately $699,000.

The following are the key assumptions used in the actuarial valuation:

Gross discount rate	6%
Wage inflation rate	3.5%
Mortality	Newfoundland life table 1995-1997
Retirement age	50% at age 60, remainder at earlier of age 65 and age 55 with 30 years of service.

NOTES TO FINANCIAL STATEMENTS years ended December 31, 2009 and 2008

12. Benefit liabilities and claims costs

An independent consulting actuary completes a valuation of benefit liabilities of the Commission on an annual basis. An analysis of the components of, and changes in, benefit liabilities is as follows:

(dollars in thousands)	2009							2008
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Future Admin. Cost	**Total**	Total
Balance, Beginning of year	$ 46,383	$ 477,111	$ 51,584	$ 177,307	$ 2,753	$ 52,860	**$ 807,998**	$ 788,642
Add:								
Claims costs incurred:								
Current year injuries	25,128	31,528	7,296	30,319	1,015	-	**95,286**	87,723
Prior year injuries	3,154	36,023	4,037	13,722	346	3,765	**61,047**	59,212
	28,282	67,551	11,333	44,041	1,361	3,765	**156,333**	146,935
Deduct:								
Claims payments:								
Current year injuries	9,024	622	711	7,529	14	-	**17,900**	18,268
Prior year injuries	20,290	50,648	6,294	29,810	1,365	-	**108,407**	102,861
	29,314	51,270	7,005	37,339	1,379	-	**126,307**	121,129
Balance before actuarial adjustments	45,351	493,392	55,912	184,009	2,735	56,625	**838,024**	814,448
Actuarial adjustments	1,764	(10,202)	(1,767)	5,653	68	(2,241)	**(6,725)**	(6,450)
Balance, end of year	$ 47,115	$ 483,190	$ 54,145	$ 189,662	$ 2,803	$ 54,384	**$ 831,299**	$ 807,998

13. Actuarial assumptions

The benefit liabilities are based on projections of future benefit payments which reflect long-term estimates of economic and actuarial assumptions and methods, modified for current trends. As these assumptions may change over time, it is possible that such changes could cause a material change in the actuarial present value of future benefit liabilities.

The table below lists the principal economic assumptions used.

	2009		2008	
	CPI-Indexed Awards	**Other Payments**	CPI-Indexed Awards	Other Payments
Gross rate of return	**7.12%**	**7.12%**	7.12%	7.12%
Inflation Year 1	**1.70%**	**3.50%**	2.20%	3.50%
Inflation later years	**3.50%**	**3.50%**	3.50%	3.50%
Net rate of return Year 1	**5.33%**	**3.50%**	4.81%	3.50%
Net rate of return later years	**3.50%**	**3.50%**	3.50%	3.50%

14. Reserves

As provided by legislation, the Commission maintains a reserve for funding studies, projects and research relating to the enhancement of occupational health and safety in the workplace. During 2009, $24,000 was charged to the reserve (2008; $50,000).

15. Change in accumulated operating deficit

(dollars in thousands)	**2009**	2008
Accumulated operating deficit, beginning of year	**$ (96,502)**	$ (84,467)
Favourable revenue variance	**23,300**	20,600
Interest on accumulated operating deficit	**(6,900)**	(6,000)
Investment income variance	**(31,300)**	(33,000)
Liability adjustments for prior years' claims	**6,725**	6,450
Other	**25**	(85)
Accumulated operating deficit, end of year	**$ (104,652)**	$ (96,502)

16. Administration expenses

(dollars in thousands)	**2009**	2008
Salaries and employee benefits	**$ 22,976**	$ 22,064
Office and communications	**2,037**	2,390
Building operations	**887**	830
Travel and vehicle operating	**416**	670
Professional fees	**1,024**	943
	$ 27,340	$ 26,897

17. Legislated obligations

The Commission is required by legislation to fund a portion of the operating costs of the Occupational, Health and Safety Branch of the Department of Government Services in delivering their occupational health and safety mandate and all of the costs of the Workplace Health, Safety and Compensation Review Division and the Statutory Review. The Commission also reimburses the provincial government for a portion of the operating costs of the Department of Human Resources, Labour and Employment and the Labour Relations Agency in respect of administering the *Act*. The Commission is required to fund the operating costs of the employer and worker advisor positions. Total expenses incurred by the Commission for legislated obligations are detailed below:

(dollars in thousands)	**2009**	2008
Government Departments and Labour Relations Agency	**$ 5,053**	$ 5,047
Workplace Health, Safety and Compensation Review Division	**822**	704
Employer and Worker Advisors	**713**	673
	$ 6,588	$ 6,424

18. Other expenses

(dollars in thousands)	**2009**	2008
Sectoral advisors and grants	**$ 48**	$ -
Business improvement projects	**1,739**	915
	$ 1,787	$ 915

19. Related party transactions

These financial statements include amounts resulting from normal operating transactions with various provincial government departments, agencies, and crown corporations with which the Commission may be considered related. The provincial government is also a self-insured employer, and account balances resulting from these transactions are included in the financial statements and are settled under normal trade terms.

20. Industry levy

The Commission has levied a surcharge of $0.10 per $100 of payroll on employers in the construction sector to fund a portion of the operating costs of safety and health training programs conducted by the Newfoundland and Labrador Construction Safety Association. The amounts collected on behalf of the Association totalled $561,200 in 2009 (2008; $455,900) and are not included in the Statement of Operations.

21. Self-insured employers

These financial statements include the effects of transactions carried out for self-insured employers, principally federal and provincial government bodies, who directly bear the costs of their own incurred claims and a share of administration costs. Aggregate amounts of such assessment revenue and offsetting expenses included in the Statement of Operations are as follows:

(dollars in thousands)	**2009**	2008
Assessments revenue	**$ 9,488**	$ 8,625
Claims costs incurred:		
Short-term disability	**922**	664
Long-term disability	**3,690**	3,484
Survivor benefits	**563**	463
Health care	**2,468**	2,403
Administration charges	**1,845**	1,611
	$ 9,488	$ 8,625

22. Pension costs

All permanent employees of the Commission are covered by the Public Service Superannuation Plan administered by the Province of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Commission. The annual contributions of $1,610,500 (2008; $1,352,000) for pensions are recognized in the accounts on a current basis.

23. Commitments

The Commission has committed to operating lease payments for office premises and equipment for the years 2010 to 2013 in the amount of $230,000 annually.

24. Contingencies

The Commission may be liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in these financial statements.

25. Comparative figures

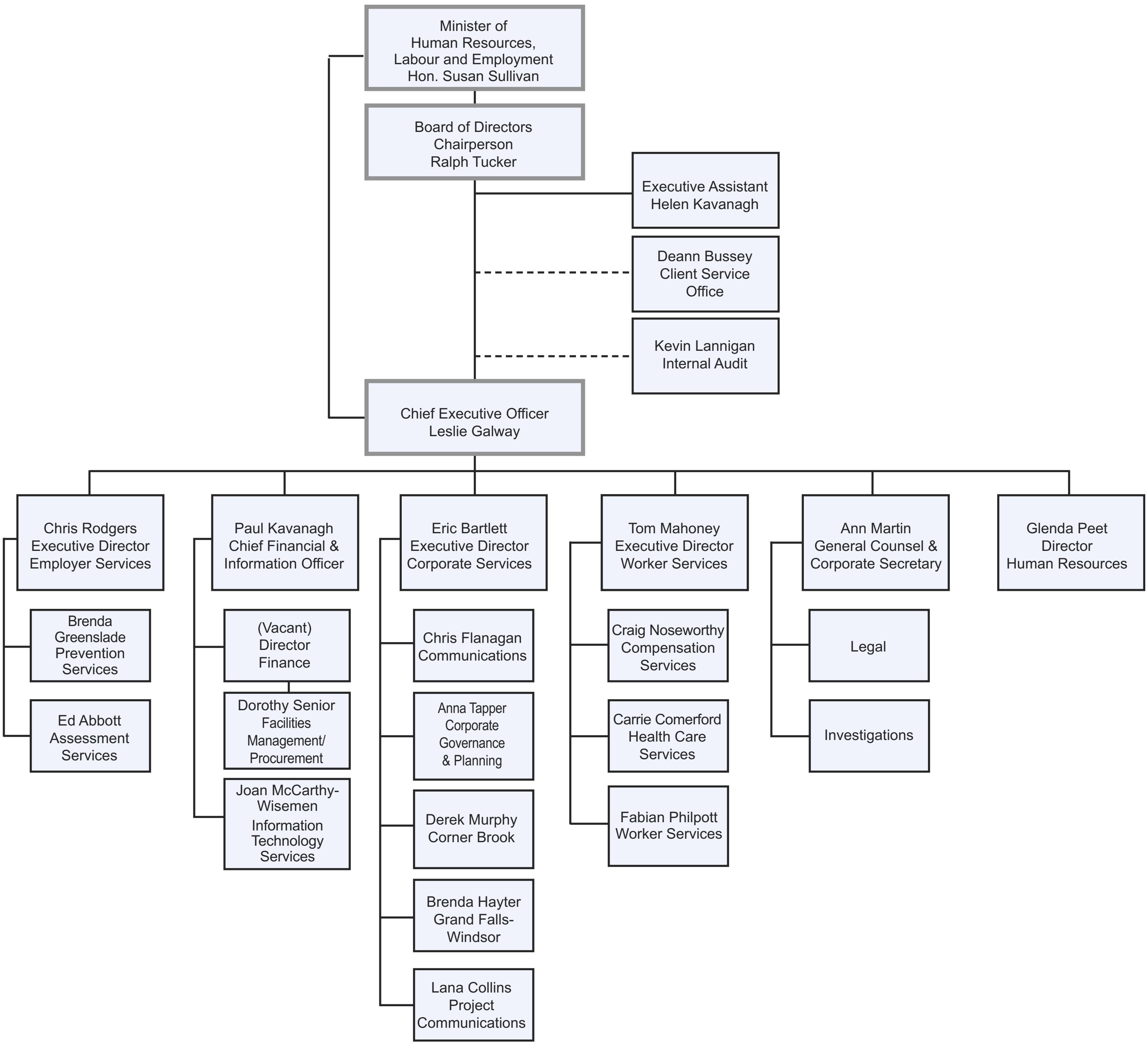
Certain of the comparative information has been reclassified to conform with the presentation adopted in the current year.

FIVE-YEAR HISTORY
DECEMBER 31, 2009

STATEMENT OF OPERATIONS AND FUND DEFICIENCY for the Years Ending December 31

(dollars in thousands)	**2009**	2008	2007	2006	2005
Revenue					
Assessments	**$ 159,951**	$ 151,782	$ 137,713	$ 124,763	$ 158,217
Investment income	**15,845**	13,763	79,918	60,104	37,091
Third party recoveries	**3,932**	-	-	-	-
	179,728	165,545	217,631	184,867	195,308
Expenses					
Claims costs incurred	**156,333**	146,935	138,304	137,021	133,003
Administration	**27,340**	26,897	23,828	22,356	21,016
Legislated obligations	**6,588**	6,424	6,145	6,347	6,505
Amortization	**2,555**	2,859	2,017	1,882	2,047
Other	**1,787**	915	686	633	1,225
	194,603	184,030	170,980	168,239	163,796
Deficit / surplus from operations before the following	**(14,875)**	(18,485)	46,651	16,628	31,512
Actuarial adjustments	**6,725**	6,450	265	(8,771)	(10,609)
Deficit / surplus for the year	**(8,150)**	(12,035)	46,916	7,857	20,903
Fund deficiency, beginning of year (as previously stated)	**(187,917)**	(29,387)	(8,332)	(53,625)	(56,063)
Change in accounting policies	**-**	-	-	-	(45,388)
Fund deficiency, beginning of year (restated)	**(187,917)**	(29,387)	(8,332)	(53,625)	(101,451)
Other comprehensive income	**90,212**	(146,445)	(67,947)	37,436	26,981
(loss)	**(24)**	(50)	(24)	-	(58)
Appropriation to reserve fund					
Fund deficiency end of year	**$ (105,879)**	$ (187,917)	$ (29,387)	$ (8,332)	$ (53,625)

Organizational Chart



St. John’s Office
146-148 Forest Road, P.O. Box 9000, St. John's, NL A1A 3B8
Telephone (709) 778-1000 Fax (709) 738-1714 Toll Free 1-800-563-9000

Grand Falls-Windsor Office
26 High Street, P.O. Box 850, Grand Falls-Windsor, NL A2A 2P7
Telephone (709) 489-1600 Fax (709) 489-1616 Toll Free 1-800-563-3448

Corner Brook Office
Suite 201B, Millbrook Mall, 2 Herald Avenue, P.O. Box 474, Corner Brook, NL A2H 6E6
Telephone (709) 637-2700 Fax (709) 639-1018 Toll Free 1-800-563-2772