



**WorkplaceNL**  
Health | Safety | Compensation

# Annual Performance Report 2021



# WorkplaceNL

Health | Safety | Compensation

This document is available in alternate formats upon request.

email: [info@workplacenl.ca](mailto:info@workplacenl.ca)

t 1.709.778.1000 t 1.800.563.9000

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## Message from the Board Chair

On behalf of the Board of Directors, I hereby submit WorkplaceNL's 2021 Annual Performance Report in accordance with the **Transparency and Accountability Act** (the TA Act) and the Guidelines for Annual Performance Reports for Category 1 Government Entities.

In this report, we present WorkplaceNL's achievements and outcomes for 2021 in line with the objectives outlined in our 2020-22 strategic plan. We also highlight future opportunities to support our commitment to provide services to injured workers and their dependents, employers, and the public through administering the **Workplace Health, Safety and Compensation Act** (the Act).

By my signature below, the Board of Directors' acknowledge their accountability to prepare this report and achieve the actual results reported within.

In 2021, we continued to navigate the challenges of living and working through COVID-19. Using new technologies, we supported employers and ensured that injured workers continued to receive their benefits.

As a result of technology enhancements, we introduced MyWorkplaceNL online services for injured workers as well as a mobile application ([NL OHS](#)) that conveys the **Occupational Health and Safety Act** (the OHS Act) and Regulations in clear language.

We provided progress updates to the Minister Responsible for WorkplaceNL on the operational recommendations from the 2019 Statutory Review, some of which are now complete.

We focused our efforts on preventing long-term disability and helping injured workers return to or recover at work when medically appropriate. These efforts helped ensure that rising claims duration and associated costs did not impact the system.

WorkplaceNL remains committed to ensuring that the employer-funded, no-fault workplace injury compensation system can provide benefits to injured workers for years to come. At December 31, 2021, the Injury Fund was funded at 132.3 per cent. The average assessment rate was \$1.90, discounted by \$0.21 to \$1.69 to help reduce the surplus in the Injury Fund. The lost-time injury rate was 1.5 per 100 workers.

I commend all employers, workers, and stakeholders, along with WorkplaceNL's employees, management, and the Board of Directors for their ongoing efforts to evolve the workplace health and safety culture in our province. I look forward to our continued collaboration.

A handwritten signature in black ink that reads "John Peddle". The signature is fluid and cursive, written in a professional style.

**John Peddle, ICD.D**

Chair, Board of Directors, WorkplaceNL

## At a Glance

While this report is for the 2021 year, it is important to note that data compilation requirements are based on reporting periods, which may come from previous years (e.g., date of a test result that confirms an injury versus date a claim was approved). The data presented below also represents a point in time. Therefore, data reported in other sources may differ as updates are made if claim decisions follow into future years.

|   | 2021   | 2020   | 2019   | 2018   | 2017   |
|---|--------|--------|--------|--------|--------|
| <b>Injury Rate<sup>1,2</sup></b>                | 1.5    | 1.5    | 1.6    | 1.6    | 1.5    |
| <b>Soft-tissue Injury Rate</b>                  | 1.1    | 1.1    | 1.1    | 1.0    | 1.0    |
| <b>Total New Claims</b>                         | 4,407  | 4,302  | 5,397  | 5,255  | 4,972  |
| <b>Short-term Disability Claims<sup>3</sup></b> | 3,259  | 3,106  | 3,720  | 3,522  | 3,386  |
| <b>Health Care Only Claims<sup>3</sup></b>      | 1,130  | 1,161  | 1,651  | 1,697  | 1,561  |
| <b>Fatality Claims<sup>4</sup></b>              | 18     | 35     | 26     | 36     | 25     |
| <b>Accidents</b>                                | 3      | 13     | 10     | 4      | 5      |
| <b>Occupational Disease</b>                     | 15     | 22     | 16     | 32     | 20     |
| <b>Hearing Loss Claims<sup>5</sup></b>          | 162    | 163    |        |        |        |
| <b>Short-term Claims Duration<sup>6</sup></b>   | 50     | 54     | 45     | 40     | 40     |
| <b>Average Assessment Rate<sup>7</sup></b>      | 1.69   | 1.69   | 1.69   | 1.90   | 2.06   |
| <b>Registered Employer Accounts</b>             | 17,537 | 17,680 | 17,931 | 18,402 | 18,660 |
| <b>Employer Assessments (\$ million)</b>        | 144.1  | 131.4  | 128.4  | 144.7  | 155.9  |
| <b>Claims Costs (\$ million)<sup>8</sup></b>    | 177.8  | 176.5  | 183.1  | 160.9  | 155.7  |
| <b>Fund Balance (\$ million)</b>                | 430.1  | 333.6  | 301.8  | 237.5  | 362.5  |
| <b>Funded Ratio (%)</b>                         | 132.3  | 125.5  | 123.4  | 119.5  | 131.6  |

For additional details on WorkplaceNL's key financial and operational statistics, please refer to the Management Discussion and Analysis and the 2021 Financial Statements.

1. Number of lost-time claims per 100 workers employed.
2. The incidence rate for 2018 was reported as 1.5 in the 2020 Annual Performance Report in error. The actual incidence rate for 2018 was 1.6.
3. 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.
4. The total number accepted in the calendar year.
5. WorkplaceNL began including this data in the 2020 Annual Performance Report. Claims reported, accepted and paid up to March 31 of the following calendar year. This is a subset of lost-time or health care only claims.
6. The average number of days for which temporary earnings loss benefits are paid for injuries occurring in the same reference year.
7. The average rate per \$100 of payroll. This is a provisional rate that is established prior to the beginning of the year based on estimates of costs charged to employers. The 2019, 2020, and 2021 rates include the \$0.21 discount.
8. Includes current year payments plus expected future payments for all injuries occurring and accepted in the year, excluding actuarial adjustments.

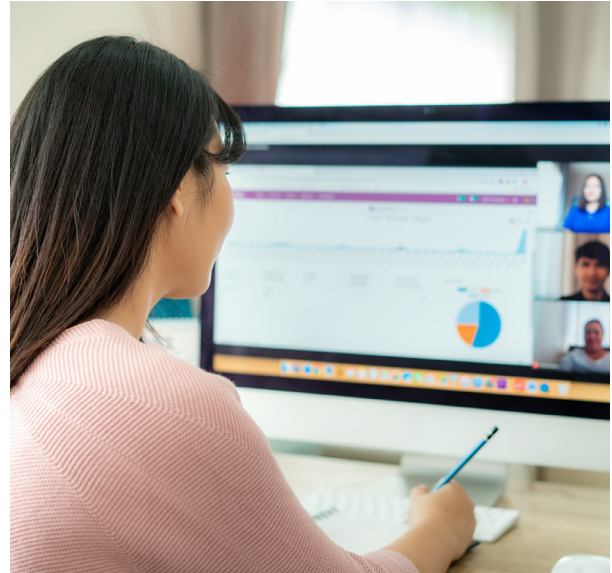
## Overview

WorkplaceNL administers Newfoundland and Labrador's mandatory, employer-funded, no-fault workers' compensation system to approximately 17,500 employers and 220,000 workers. We promote safe and healthy workplaces, in addition to providing return-to-work programs and benefits to injured workers and their dependents, based on assessments collected from employers.

The Meredith Principles are the foundation of all Canadian workplace compensation systems and include:

- No-fault compensation, which means workers are paid benefits regardless of how the injury occurred.
- Collective liability, so that the total cost of the compensation system is shared by all employers.
- Security of payment, with a fund established to guarantee that compensation will be available for injured workers when they need it.
- Exclusive jurisdiction, which means only workers' compensation organizations provide workers' compensation coverage.
- An independent board, that is autonomous and financially independent of governments or any special interest group.

WorkplaceNL adheres to its funding and investment policies. In 2021, WorkplaceNL's total revenue was \$350.2 million. This includes \$144.1 million in assessment revenue, \$202.6 million in investment income, and \$3.5 million in third party recoveries and administrative fees paid by self-insured employers. WorkplaceNL's total expenses in 2021 were \$253.6. Benefits for injured workers were the most significant component of WorkplaceNL's expenses, which



comprised 82 per cent of expenses, while administration expenses were approximately eight per cent. WorkplaceNL's Injury Fund ratio for 2021 was 132.3 per cent.

As of December 31, 2021, WorkplaceNL had 340 active employees across the province. Approximately 87 per cent of the workforce (296 employees) were located in the St. John's office; four per cent (15 employees) in the Grand Falls-Windsor office; and nine per cent (29 employees) in the Corner Brook office. Approximately 78 per cent of employees were female and 22 per cent were male.

Please visit WorkplaceNL's [website](#) for details on its mandate and lines of business.

## Board of Directors

In accordance with the Act, the Board of Directors consists of ten members appointed by the Lieutenant-Governor in Council, including the chair and representatives of employers, workers, and the public. Members continue to serve until re-appointed or replaced.

The Board is also required to have two non-voting members: Chief Executive Officer of WorkplaceNL and a Provincial Government employee, designated by the Minister Responsible for WorkplaceNL.

As of December 31, 2021, the Board of Directors included:

### Chair

John Peddle (term expires September 23, 2023)

### Members representative of workers

Greg Pretty (term expires September 23, 2023)

Wayde Rowsell (term expires July 15, 2024)

Jerry Vink (term expires September 23, 2023)

### Members representative of employers

Victoria Belbin (term expires September 23, 2023)

David Loveys (term expires September 23, 2023)

Greg Viscount (term expires September 23, 2023)

### Members representative of the public

Lana Collins (term expires April 3, 2022)

Paula Corcoran, injured worker representative (term expires September 23, 2023)

Anne Fagan (term expires April 3, 2022)

### Non-voting members

Dennis Hogan, Chief Executive Officer, WorkplaceNL

Gail Boland, Assistant Deputy Minister, Digital Government and Service NL

## Highlights and Partnerships

As the COVID-19 pandemic continued throughout 2021, WorkplaceNL used technologies to serve our clients and support our employees. Whether working from home or at the office, we continued to support employers, adjudicate claims, and ensure injured workers received their benefits.

As directed by the Minister Responsible for WorkplaceNL, we began implementing 29 operational recommendations from the 2019 Statutory Review of the Workers' Compensation System report, '[Striving for Balance and Compromise](#)' and provided our first progress report to the Minister in early December 2021.

Some of the operational recommendations are now complete, including: addressing record keeping for phone calls; maintaining the current structure of OHS committees; clarifying rights to request reviews of decisions; and standardizing training of OHS committee members.

As with many employers, we constantly focus on recruiting and retaining a skilled workforce. To meet operational needs and help implement Recommendation 13.4 of the 2019 Statutory Review, WorkplaceNL reviewed employees' workloads in our Claims Services area, and will be hiring more case managers in 2022. In 2021, we streamlined our recruitment practices and signed a new agreement with the Newfoundland and Labrador Association of Public Employees to recognize equivalency qualifications to help reduce turnover.

### Under our Research Initiatives Program, we approved funding for five research projects:

1. Analysis of the occupational exposure to radiation among health care professionals involved in cardiac and vascular intervention procedures
2. Remote versus online work challenges during a pandemic
3. Cost-effective rollover protective structures for farm equipment
4. COVID-19 impacts on the mental health of physician interns
5. Understanding occupational culture and mental health of employees in Newfoundland and Labrador correctional institutions

Previous research reports can be found at <https://workplacnl.ca/about/research/>. The final reports from the 2021 projects will be posted as they are available.

Other highlights from 2021 include:

- Observed the first National Day for Truth and Reconciliation on September 30, 2021, to honour the lost children and survivors of residential schools, their families, and communities; and to learn more about the rich cultures and experiences of the First Nations, Inuit, and Métis peoples.
- Consulted with various stakeholders to explore continuous improvement options for our early and safe return-to-work programs (including Labour Market Re-entry) as well as changes to our Prevention and Return-to-Work Insurance Management for Employers and Employees (PRIME) Program.



- Issued the 300,000<sup>th</sup> safety training e-certificate through the Certification Training Registry.
- Delivered 131 webinars to 3,135 participants.
- Modified evaluation measures for webinars; 3.5 out of four participants who completed the evaluation indicated gaining knowledge and satisfaction with the material provided.
- Received international recognition for the online Young Worker Safety Course and the Workplace Injuries Hurt the Most at Home social marketing campaign, which placed as a top-three finalist and on the top 50 short list respectively at the International Media Festival for Prevention 2021, part of the International World Congress on Safety and Health at Work.

More information and other accomplishments are included in the Report on Performance section of this document.



WorkplaceNL works closely with stakeholder, safety, and community partners to improve client service and help prevent workplace injury or illness. We are proud to collaborate with a broad range of organizations, such as:

- Association of Workers' Compensation Boards of Canada
- Canadian Centre for Occupational Health and Safety
- Canadian Federation of Independent Business
- Canadian Mental Health Association
- Canadian National Institute for the Blind
- Forestry Safety Association of Newfoundland and Labrador
- Government of Newfoundland and Labrador
- Made Safe NL
- Newfoundland and Labrador Association of Public and Private Employees
- Newfoundland and Labrador Construction Safety Association
- Newfoundland and Labrador Employers' Council
- Newfoundland and Labrador English School District
- Newfoundland and Labrador Federation of Labour
- Newfoundland and Labrador Fish Harvesting Safety Association
- Newfoundland and Labrador Occupational Health and Safety Association
- Royal Canadian Mounted Police
- Royal Newfoundland Constabulary
- SafetyNL
- Threads of Life
- Workplace Health, Safety and Compensation Review Division

## Workplace Injury and Illness Statistics

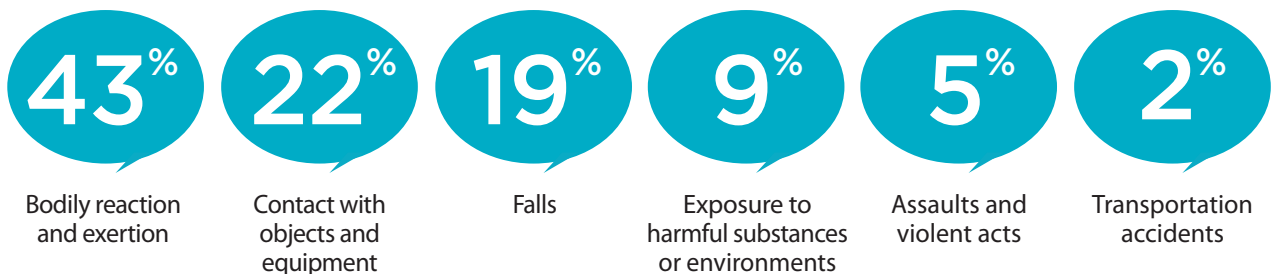
### 2017-2021 Injury Rates

|   | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|------|------|------|------|------|
| <b>Workplace Violence Injury Rate</b><br>(per 10,000 workers)                                 | 10.4 | 8.0  | 11.3 | 11.3 | 9.1  |
| <b>Mental Health and Disorders Injury Rate</b><br>(per 10,000 workers)                        | 3.2  | 2.3  | 2.3  | 2.6  | 1.1  |
| <b>Young Worker Injury Rate</b><br>(per 100 workers)  | 1.2  | 1.5  | 1.8  | 1.5  | 1.3  |
| <b>Fatality Rate</b> (per 100,000 workers)  | 8.2  | 16.4 | 11.5 | 16.0 | 11.2 |
| <b>Serious Injury Rate</b><br>(per 10,000 workers)  | 10.8 | 11.1 | 11.6 | 11.7 | 10.5 |
| <b>Occupational Disease Injury Rate excluding hearing loss claims</b><br>(per 10,000 workers) | 7.5  | 6.5  | 11.0 | 10.5 | 7.8  |

**Note:** All data represents a point in time. Therefore, data presented in other sources may differ.



### 2021 Injury Types



## Report on Performance

2021 marks the end of the second year of WorkplaceNL's 2020-22 strategic plan. When developing that plan, in keeping with the TA Act and the Provincial Government's strategic directions, WorkplaceNL identified strategic issues, created three-year goals, and established objectives for each of the three years to assist the organization in reaching its multi-year goals.

### WorkplaceNL's 2020-22 strategic plan identifies four priority issues:

1. **Client Service** Business Modernization and Continuous Innovation
2. **Prevention** Leadership in Prevention through Collaboration and Innovation
3. **Financial Sustainability** Adherence to Funding and Investment Policies
4. **Claims Management** Facilitating Injured Worker Recovery and Safe Return to Work

The results achieved towards the 2021 (year two) objectives for each strategic issue follows.

#### **Strategic Issue 1: Client Service** Business Modernization and Continuous Innovation

**2020-22 Goal 1:** By December 31, 2022, WorkplaceNL will have introduced technology to modernize service delivery.

WorkplaceNL is committed to fostering a strong client-service culture and delivering high-quality services and programs. In keeping with the needs and expectations of clients, we use the client-first principle to prioritize business modernization efforts, improve programs, and evolve our service delivery.

#### **2021 Objective for Goal 1**

By December 31, 2021, WorkplaceNL will have introduced digital service delivery options for clients.

WorkplaceNL achieved this objective by increasing digital service delivery options, leveraging partnerships to enhance service delivery, and implementing initiatives within the client service framework.

#### **Indicator 1.1: Increased digital service delivery options**

In 2021, WorkplaceNL implemented new digital service delivery options, and upgraded existing ones, for a variety of our clients.

**MyWorkplaceNL:** In July 2021, we introduced MyWorkplaceNL, a secure online service where injured workers can: submit a worker's report of injury; view select claim and payment information; print or save a copy of their claim information, including their submitted report of injury; interact with a WorkplaceNL representative using the live chat feature; and provide feedback about their experiences using this new digital service.

Since its implementation, adoption of MyWorkplaceNL has been positive. In 2021, more than 1,000 users created an account; approximately 19 per cent of all workers' report of injury forms were submitted online; and almost 500 live chat interactions were held. WorkplaceNL will continue to add services to this online tool in 2022.

**Secure, electronic file sharing:** WorkplaceNL adopted two technology solutions in 2021 to securely share electronic files with external parties. This reduces our reliance on printing, postage, fax, and couriers; protects privacy; and will have a positive impact on processing times as information is shared more quickly. In addition, we developed employee guidelines to help maximize security and the protection of privacy.

**Online learning management system:** Our employees have been trained on how to use the new system and have begun developing courses, which will be available in 2022 for online, self-paced learning in occupational health and safety topics for employers and workers.

**Existing services:** We also enhanced existing digital services throughout 2021:

- Changed our website to help direct clients to our online services, and make it easier for them to find information about the various online services available.
- Upgraded the online forms for employers' report of injury and early and safe return to work (ESRTW) to make the services compatible with newer technology, and to improve the user experience by updating screens and including additional data validation features.
- Enhanced the clearance service to make it available to more types of users. This service provides individuals with information on whether an employer is registered and in good standing with WorkplaceNL.
- Expanded our use of electronic scanning software so we are less reliant on printing and paper-based processing.

We serve our clients in many ways. While digital options continue to expand at the request of our clients, we continue to offer services by mail or telephone to support individuals and employers who do not have digital access, as outlined in Recommendation 4.2 of the 2019 Statutory Review.

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**Indicator 1.2: Leveraged partnerships to enhance service delivery**

In partnership with the OHS Division of Digital Government and Service NL (DGSNL), we launched NL OHS, a mobile phone application (app) in July 2021. The app is available for free through the Apple and Android app stores or can be viewed in a [web browser](#). Using clear language and easy-to-find topics, the app helps make the Newfoundland and Labrador OHS Act and Regulations easier to understand. The app has 30 OHS topics and more will be added in 2022.



As we moved to implement more modern cloud-based technology, we partnered with industry experts to provide leadership and expertise on how to integrate and adopt the new technology with our business functions. We also engaged security and privacy partners to help us ensure the new technologies meet our data security and privacy standards.

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**Indicator 1.3: Implemented initiatives within the client service framework**

Reviewed in 2020, WorkplaceNL's client service framework has eight elements:

1. Leadership
2. Human resource, staffing, and development
3. Continuous planning for improvement
4. Service standards and consistency
5. Complaints resolution
6. Technology
7. Communication
8. Physical facilities and security

In 2021, WorkplaceNL prioritized work under six of these eight elements.

**Leadership:**

- Implemented phase one of the [LEADS framework](#), a nationally-recognized tool to develop leaders in organizations to help build strong coalitions and achieve measurable results. In addition to building capacity of our employees, this will help us manage change as we transform our systems and modernize our operations.

**Human resource, staffing and development:**

- Continued privacy and security training for new and existing employees.

**Continuous planning for improvement:**

- Secured a vendor to administer client satisfaction surveys.
- Implemented online chat and increased online services based on the latest national research focused on the delivery of public services. This research indicates a large portion of citizens continue to express desire for all levels of government to increase digital offerings.
- Implemented changes to business continuity plans based on the introduction of new technologies to modernize service delivery.

**Technology:**

- Made policy changes to communicate the use of cloud-based technologies as it relates to information protection, access, and disclosure ([Policy GP-01](#)).
- Implemented infrastructure to improve processing speeds to address an increased demand on technology, particularly relevant as more clients used online services and our employees worked from home during the pandemic.

**Communication:**

- Implemented process changes in the Claims Services area to better document telephone calls and voice mail messages. In addition to documenting a case note when calls are returned, notes also include voice mail messages, as per Recommendation 4.4 of the 2019 Statutory Review.
- Removed the words “final decision” from digital decision letter templates used by the Internal Review Unit to reduce confusion and help ensure clients understand that they have an option for a final, external review by the Workplace Health and Safety Compensation Review Division (WHSCRD), per Recommendation 2.3 of the 2019 Statutory Review.
- Added the contact details for Worker and Employer Advisors to digital decision letter templates to promote the availability of these advocates to support injured workers and employers, per Recommendation 4.1 of the 2019 Statutory Review.

**Physical facilities and security:**

- Implemented a new automated monitoring and detection system to better protect WorkplaceNL property and technology assets.

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**Discussion of Overall Results**

By the end of 2022, WorkplaceNL intends to introduce technology to modernize service delivery by automating select routine transactions, improving service delivery channels, and strengthening relationships with partners. Work progressed in 2021 on this longer-term goal and more work is planned for 2022.

We have improved online options for injured workers and employers to submit forms and view information. Injured workers can now submit their report of injury online using MyWorkplaceNL. We updated the online employers’ report of injury and ESRTW plans, as well as online OHS committee minutes.

Capturing data electronically through these online methods helps support automating select routine transactions. Work is planned for 2022 to capture additional digital data, including enhancements to MyWorkplaceNL to incorporate occupational rehabilitation reporting.

WorkplaceNL began developing podcasts in 2021 as a way to reach a broader audience to provide prevention education. The first podcast, which focuses on psychological health and safety, will be available in 2022.

We continued to see improvements in employers’ use of online services:

- 86.1 per cent of employers are registered to use our online services, compared to 84.3 per cent at the end of 2020.
- 98.1 per cent of reporting employers use the online annual employer statements service, compared to 97.4 per cent at the end of 2020.
- 93.7 per cent of clearance requests were made online, compared to 90.3 per cent in 2020.

WorkplaceNL also continued working with the Newfoundland and Labrador English School District (NLESD) to adapt to the changing needs of students and teachers as a result of the COVID-19 pandemic. First aid training is included in the curriculum for the OHS high school course (OHS 3203). However, when classes switched from in-person to an online teaching method, the first aid course could no longer be offered. Working with the NLESD, we developed an online portion of the training in 2020, continued to offer that method throughout 2021, and will continue to do so as needed. Students are still required to complete a practical component to be fully certified, but the online portion allowed first aid training to continue when in-person methods were not possible.

Additionally, we began working with partners and stakeholders in 2021 to help promote the new digital services available through MyWorkplaceNL, as well as enhancements to our online clearance service and OHS committee minutes. For example, we provided videos and demonstrations of MyWorkplaceNL to Workers' Advisors with the Newfoundland and Labrador Federation of Labour (NLFL) who support more than 1,500 injured workers a year. This work will also continue into 2022 and beyond as we expand our digital services and seek input from community-based partners on technology approaches that support older workers and persons with disabilities.

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### **Looking Forward Goal 1: 2022 Client Service Objective and Indicators**

**2022 Objective:** By December 31, 2022, WorkplaceNL will have implemented technology solutions to support business modernization.

**Indicator 1.1:** Continued expansion of digital services to injured workers.

**Indicator 1.2:** Implemented system enhancements for human resource processes.

**Indicator 1.3:** Enhanced information technology security.

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**Strategic Issue 2: Prevention** Leadership in Prevention through Collaboration and Innovation

**2020-22 Goal 2:** By December 31, 2022, WorkplaceNL will have enhanced occupational health and safety education in the province.

Our health and safety programs help employers and workers implement effective occupational health and safety practices and approaches. Workplaces in Newfoundland and Labrador have embraced a positive safety culture and are consistently focused on safety, as for the last several years approximately 93 per cent are injury free.

WorkplaceNL helped develop safe and healthy workplaces by continuing to implement the workplace injury prevention strategy that focuses on eight injury and illness priorities; offering an incentive program for employers (PRIME); and evolving programs, partnerships, and tools that support compliance with the OHS Act and Regulations.

In the past five years, approximately 27,000 training certificates have been issued to OHS Committee members, with approximately 7,000 in 2021. As the safety training regulator, WorkplaceNL ensures that the two-day OHS Committee Certification Training Standard, as well as the re-certification component every three years, supports the current structure of OHS Committees. This represents progress on Recommendations 12.1 and 12.2 of the 2019 Statutory Review.

**2021 Objective for Goal 2**

By December 31, 2021, WorkplaceNL will have supported the development of industry-led safety programs and initiatives.

WorkplaceNL achieved this objective by developing requirements for a new OHS committee reporting system; enhancing the confined space entry standard and safety education materials; and identifying OHS components eligible for PRIME incentives.

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**Indicator 2.1:      Developed requirements for a new OHS committee reporting system**

We added new and revised features to the online OHS committee reporting system in 2021:

- Simplified the sign-off process, no longer requiring two signatures to submit committee minutes. This further removed barriers to using the service and improved PRIME validation for financial incentives.
- Added the ability to update worksite information, such as adding new sites, updating addresses, and committee information.
- Added a seasonal shut-down date.
- Allowed committees to amend their minutes within a certain timeframe.



As of December 31, 2021, there were almost 3,000 sets of OHS committee minutes submitted online (30 per cent of all sets submitted), more than double those of 2020.

Starting in 2022, OHS committees will be required to submit all minutes online rather than by mail or fax. To support this, WorkplaceNL advised employers and committees through direct letters and social media in 2021, outlining the functions and benefits of online reporting. We also supported committees throughout 2021 as they transitioned to online reporting.

These technology changes for OHS Committees improve the process of reporting OHS minutes, per Recommendation 12.3 of the 2019 Statutory Review.

**Indicator 2.2: Enhanced the confined space training standard and safety education materials**

In collaboration with the OHS Division, WorkplaceNL enhanced the Confined Space Entry Certification Training Standard to include rescue components. We conducted a jurisdictional scan of confined space and rescue programs throughout the country and consulted with training providers and OHS Division to help inform learning outcomes. The revised standard was approved in December 2021.

Through collaboration with industry stakeholders, WorkplaceNL also enhanced safety education materials in 2021:

- Collaborated with the Newfoundland and Labrador Construction Safety Association (NLCSA) to implement a fall prevention strategy, as well as updated and delivered four webinars during fall prevention week in June.
- Sponsored a safety conference for the Forestry Association of Newfoundland and Labrador (FSANL) in September, delivering a presentation on workplace violence and harassment prevention.
- Collaborated with FSANL on the eye injury prevention education material that was also delivered at their safety conference in September.
- Collaborated with Made Safe NL to deliver a soft-tissue injury prevention webinar and participated in the development of a national certification standard for manufacturing facilities.
- Presented an overview of safety performance in the province's commercial fish harvesting sector at the Newfoundland and Labrador Fish Harvesting Safety Association (NL-FHSA) safety conference in October.
- Worked with NL-FHSA to design fishing vessel safety designate competency-based training, which is targeted to be launched in late 2022.

**Indicator 2.3: Identified OHS components eligible for PRIME incentives**

The PRIME program aims to improve OHS and ESRTW practices in workplaces. As a follow-up to the 2018 review of PRIME, a broad range of stakeholders recommended several changes to the current program. Also, to identify effective OHS components and possible program changes, much work was completed, including: a telephone survey of employers that did not participate in PRIME; a financial analysis of the program; and a thorough analysis of incentive programs in other jurisdictions.

The results indicated that all Canadian jurisdictions also have systems that assess safety performance except the Yukon. Five jurisdictions also have health and safety incentives (NL, NS, ON, MB, BC). This analysis revealed that having an experience rating system embedded in the assessment rate setting process motivated employers to improve health and safety performance and effectively manage workplace injury claims.

In 2021, WorkplaceNL proposed two fundamental changes to PRIME in order to help more employers participate in the program and improve OHS and ESRTW outcomes in their workplaces:

1. Reduce the threshold to determine employer size to \$10,000 in average base assessments, from \$48,000 in the current program.
2. Introduce different requirements for small, medium, and large employers to qualify for the practice component.

If approved, a multi-year phased-in implementation approach is planned in order to allow employers to prepare. Successful implementation, will fulfill Recommendation 12.6 of the 2019 Statutory Review to support the participation of small-to-medium-sized employers in the PRIME program.

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## Discussion of Overall Results

Preventing injury and illness remains the most desirable outcome for all workplaces. WorkplaceNL identified program changes; developed new tools and new safety education materials; and changed certification standards in 2021 to continue to support employers, workers, their families, and communities, and further lessen financial, physical, and emotional impacts of workplace injuries.

WorkplaceNL remains committed to OHS safety and education in the province. As we move forward into the final year of the workplace injury prevention plan, we will focus on workplaces at higher risk for injuries to help them adopt safety audits and action plans that address risks; conduct research on future issues impacting injury prevention; and continue with the wide range of education and training programs for Newfoundland and Labrador workplaces.

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## Looking Forward Goal 2: 2022 Prevention Objective and Indicators

**2022 Objective:** By December 31, 2022, WorkplaceNL will have delivered education to protect workers from health and safety risks.

**Indicator 2.1:** Implemented measures to impact the safety performance of high-risk employers.

**Indicator 2.2:** Developed the next injury prevention strategy.

**Indicator 2.3:** Educated employers on PRIME enhancements.

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### **Strategic Issue 3: Financial Sustainability** Adherence to Funding and Investment Policies

**2020-22 Goal 3:** By December 31, 2022, WorkplaceNL will have assessed financial management policies and practices to support financial sustainability.

The financial sustainability of the workers' compensation system is contingent upon: sound financial management of the Injury Fund; preventing workplace injury and illness; providing accessible, timely care to injured workers in a cost-effective manner; and working with injured workers and employers to facilitate recovery at work.

COVID-19 continued to have an affect on all Newfoundlanders and Labradorians in 2021; therefore, WorkplaceNL continued to maintain a long-term view to help mitigate the financial impacts of the pandemic. WorkplaceNL's funded position at the end of 2021 was 132.3 per cent.

#### **2021 Objective for Goal 3**

By December 31, 2021, WorkplaceNL will have continued the review of its financial management policies and practices.

WorkplaceNL achieved this objective by developing criteria for the new PRIME model; assessing options and financial reporting impacts of new accounting standards; and updating financial management policies.

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#### **Indicator 3.1: Developed criteria for the new PRIME model**

The aim of changes to the new PRIME model is to encourage more employers to participate, particularly small-to-medium-sized employers, and to improve their health and safety as well as return-to-work programs to benefit their injured workers.

After careful analysis and considering feedback from various stakeholders, WorkplaceNL proposed different criteria for employers to meet the PRIME requirements depending on the employer's average base assessment and the number of workers at each site.

Some of the proposed enhancements were identified in the progress update for indicator 2.3 concerning OHS components eligible for PRIME incentives. As a summary, the proposed enhanced PRIME model:

- Has three paths: OHS education (for small employers); OHS program (for medium-sized employers); and OHS certification (for large employers). Each path has different OHS and education requirements depending on the employer's size as defined by their average assessment and number of workers, thus making PRIME more accessible for small-to-medium-sized employers.
- Retains the five per cent practice refund, but changes how employers are categorized to qualify for the practice refund.
- Retains the experience refund or charge calculation model, and an employer must still meet their practice requirements in order to receive an experience refund.
- Changes the practice requirements for OHS and return to work.

- Requires return-to-work education for all employers in order to receive a refund.
- Provides a more flexible approach to scoring audits.
- Requires an in-person certification audit for large employers prior to receiving a refund.
- Provides more accessible courses, while maintaining an in-person delivery option from external training providers.
- Will consider equivalencies for comparable safety certification programs, such as the NLCSA COR™ program.

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### **Indicator 3.2: Assessed options and financial reporting impacts of new standards**

The International Accounting Standards Board issued a new standard (IFRS 17) pertaining to insurance contracts, which applies to all workers' compensation boards across the country. Reporting to this new standard is expected to begin on or after January 1, 2023.

Given this has a country-wide impact, WorkplaceNL participates in a sub-committee of Chief Financial Officers of the Association of Workers' Compensation Boards of Canada that are assessing the impact of this change. The group met quarterly throughout 2021 and reviewed assessment models, outlining the impact of various options on financial reporting including benefit liabilities and financial disclosures.

WorkplaceNL's benefit liabilities includes amounts set aside to pay the future cost of short and long-term disability, survivor benefits, health care, rehabilitation, and future administration costs. Under the new accounting standard, WorkplaceNL's investment returns will not change; however, the reported funded ratio will be lower and the benefit liabilities will be higher as a result of a required change to the discount rate used to value the liabilities.

WorkplaceNL developed various discussion papers in 2021 which analyzed the accounting issues or policy choices associated with the new standard along with the new measurement, presentation, and disclosure requirements. The papers assessed the standard against our current practices, noting any differences and how they will be resolved. WorkplaceNL's external auditors were engaged throughout the development of the papers to review and provide feedback.

In 2022, we will prepare to implement the new IFRS 17 standard, including finalizing and approving the policy choices, drafting revised financial statements and disclosures, and updating systems as required.

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### **Indicator 3.3: Updated financial management policies**

We updated three financial management policies in 2021: [IF-01 Long-term Financial Strategy](#); [IF-02 Short-term Financial Strategy](#); and [IF-03 Long-term Investments and Borrowing](#). To inform the analysis of these policies, WorkplaceNL revisited original methods of establishing them. This involved focusing on an actuarial and investment advisors' reviews, as well as choices made by other jurisdictions.



Actuaries analyzed how changes to policy IF-01 Long-term Financial Strategy may impact its three pillars: the stability of benefits, the funded position, and assessment rates. Several options were considered, such as: shorter amortization periods of five or 10 years; a rolling calculation of the annual discount or surcharge; an assessment rate discount or surcharge; and changes to minimum adjustment threshold.

In March 2021, the Board approved a change to the policy which: 1) incorporated the process for setting the annual average base assessment and 2) reduced the threshold for implementing a rate change from five per cent to two per cent. This threshold reduction enables WorkplaceNL to make small adjustments to the overall assessment rate and respond to emerging changes in experience gradually, rather than waiting until a larger adjustment is necessary.

Policy IF-02 Short-term Financial Strategy provides criteria for investing excess funds to obtain a reasonable return while maintaining liquidity to meet anticipated disbursements, and for using borrowing when funds are insufficient to meet short-term operating requirements. This guides our weekly cashflow management activities and optimizes transfers to, and withdrawals from, the Injury Fund. In September 2021, the Board approved changes to this policy to clarify the approval process.

Policy IF-03 Long-term Investments and Borrowing provides guidance to ensure that the Injury Fund is managed in a prudent manner, with the primary objective of maximizing returns at an acceptable level of risk. Changes were made to this policy in 2020 and further changes were recommended by WorkplaceNL's external investment advisor in 2021 in conjunction with the firm's annual review and update of their investment policy statement. The Board approved these additional changes in September 2021.

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## Discussion of Overall Results

WorkplaceNL continued to support financial sustainability in 2021 by developing financially-sound criteria for an enhanced PRIME program; assessing and identifying options to address the impact of the new accounting standard, IFRS 17; and assessing and updating financial management policies as planned to ensure they remain responsive and current. This includes safeguarding the financial sustainability of the system with respect to recommendations coming out of the 2019 Statutory Review, as per Recommendation 11.1.

We also changed several internal operational financial management procedures to increase security, enhance modernization, and help guide employee processes.

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## Looking Forward Goal 3: 2022 Financial Sustainability Objective and Indicators

**2022 Objective:** By December 31, 2022, WorkplaceNL will have furthered the review of its financial management policies and practices.

**Indicator 3.1:** Prepared to implement accounting standard IFRS 17.

**Indicator 3.2:** Modified operational financial management policies and procedures.

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## **Strategic Issue 4: Claims Management** Facilitating Injured Worker Recovery and Safe Return to Work

**2020-22 Goal 4:** By December 31, 2022, WorkplaceNL will have implemented program changes that support early re-integration into the workforce.

Proactively helping workers stay at work or perform duties that are as close as possible to their pre-injury job, while they recover and receive medical treatment lessens the impacts on all parties. The benefits are vast. Workers are able to maintain their emotional well-being, return to full pay, maintain skills, recover faster, support themselves and their families, and stay in contact with their co-workers. In turn, employers support their employees during a healthy recovery, maintain productivity, keep qualified workers, reduce hiring and training costs, manage claims costs, and fulfill legal requirements.

### **2021 Objective for Goal 4**

By December 31, 2021, WorkplaceNL will have continued enhancements to support early re-integration into the workforce.

WorkplaceNL achieved this objective by beginning to implement changes that support early re-integration into the workforce; developing and delivering education for employers on psychological injuries; and implementing disability management practices within PRIME audits.

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### **Indicator 4.1: Began implementation of changes that support early re-integration into the workforce**

WorkplaceNL began implementing changes that supports workers' early workplace re-integration, if they are functionally able. In 2021, the focus was on processes, policies, positions, and contracts.

We developed a multi-year plan to review labour market re-entry (LMR) policies and procedures. In 2021, we reviewed three policies: RE-17 LMR Expenses, RE-07 Undue Hardship, and Policy RE-05 Re-Employment Obligation. We also reviewed procedures 48.00 Return to Work and Labour Market Re-entry Expenses and 39.00 Re-Employment Obligation.

Changes to these policies and procedures were recommended to support injured workers, including:

- Increasing travel, allowances, and expenses covered during LMR plans.
- Aligning expense levels, such as meal allowance, with existing health care fees and expense coverage.
- Clarifying an employer's duty to accommodate, as a result of a 2018 Supreme Court of Canada decision (i.e., Caron decision). This will include ensuring employers accommodate to the point of demonstrated undue hardship.

We discussed proposed revisions to three policies and two procedures during a targeted stakeholder consultation on November 25, 2021, with 40 participants representing 19 organizations. WorkplaceNL employees and Board members also attended. Given the

inter-connectedness of ESRTW and LMR, both approaches were the subject of the November consultation, supporting the implementation of Recommendations 13.1 and 15.1 of the 2019 Statutory Review to consult on these areas. Further consultation on the proposed changes with our two primary stakeholders, the Newfoundland and Labrador Employers' Council and NLFL, is forthcoming in 2022, prior to advancing for the Board's consideration.

Working with a vendor, WorkplaceNL launched an employment readiness portal for injured workers in December 2021. The portal includes features such as job search and job tracker tools, training, interview practices, and resume and cover letter builders.

WorkplaceNL also drafted an approach to secure a provider to offer on-the-job assistance to workers. The approach will be further considered for implementation in 2022.

WorkplaceNL has made changes to better equip our employees and assist both employers and injured workers with securing accommodations in workplaces following an injury. Examples include:

- Providing internal resource guides for WorkplaceNL employees to use when reviewing employers' accommodation approaches and efforts.
- Providing training on accommodation, in partnership with the Newfoundland and Labrador Human Rights Commission, for all case managers, return to work facilitators, and internal review specialists.
- Establishing an internal accommodation committee to ensure consistency in the accommodation review process and provide guidance if there are findings of non-compliance.
- Increasing the responsibilities of the return to work facilitator positions in all three offices to support the case manager throughout the accommodation review process, as well as to educate and guide workplace parties on roles and responsibilities with accommodation.
- Ensuring all workplace parties are provided with a decision when the accommodation review is completed.
- Establishing a community partnership with Empower to enhance knowledge of accommodation options and practices for people with disabilities.

All employers are now being held more accountable to accommodate their injured workers to the point of undue hardship, regardless of whether or not a re-employment obligation exists on the claim file. Alternate employment is not considered for an injured worker unless the employer has demonstrated they have met their obligation to accommodate to the point of undue hardship.

Policy and procedure requirements are invoked for employers found non-compliant. Also, we send employers the guidelines for accommodations upfront in the claim process; employers are connected with return to work facilitators to explore accommodation options; and employer webinars were revised to acknowledge accommodation expectations coming out of the 2018 Caron decision.

As we continue on our journey of preventing work disability, we are continually evolving our programs. In early fall 2021, we launched a new approach to provide early access to occupational therapy services where injured workers can begin treatment even before their claim is adjudicated. Feedback from injured workers and employers have been positive.

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**Indicator 4.2:      Developed and delivered education for employers on psychological injuries**

WorkplaceNL developed a webinar in 2021 based on the presentation “Mental Health and Return to Work” that was piloted in 2020. The webinar was delivered in February 2021 to 38 participants. The participants represented a range of small to large employers across various industries including federal and provincial government services. The webinar focused on educating employers regarding traumatic psychological injuries and the importance of their role in supporting workers with these injuries.

Claims management employees at WorkplaceNL use the information contained in the presentation and webinar on an ongoing basis to educate individual employers whose workers have sustained traumatic psychological injuries.

Also, WorkplaceNL partnered with Made Safe NL to deliver a presentation with the Canadian Mental Health Association (CMHA) on World Suicide Prevention day in September. The presentation focused on psychological health and safety; positive feedback was received from the 47 participants.

We also incorporated psychological health and safety into the supervisor health and safety recertification course, with learning outcomes and updated curricula. This revised course will be offered in 2022.

Throughout 2021, WorkplaceNL partnered with CMHA to develop a psychological health and safety virtual learning series. The webinars developed include: Total Worker Health; Creating a Respectful Workplace; Let’s Talk Stigma; Supporting Workers’ Mental Health Panel Discussion; The Resilient Workplace; and Mental Health and Return to Work. These webinars aim to raise awareness of psychological health and safety in the workplace, with participants learning practical solutions for lowering the risk of psychological hazards to worker’s mental health. A schedule was created to deliver the learning series in January 24-28, 2022.

As well, we participated in the NLCSA Construction Industry Leadership Roundtable on Mental Health and Suicide Prevention which focused on addressing mental health and suicide in the construction industry and developing a suicide prevention strategy. Our prevention team will continue to be engaged and work closely with NLCSA on this initiative.

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**Indicator 4.3:      Implemented disability management practices within PRIME audits**

WorkplaceNL implemented process changes to incorporate disability management practices within PRIME audits. Our claims management team is now more involved with employers who have return-to-work issues identified in the PRIME audit process, and there is more coordination between our claims management and prevention teams. This helps to leverage existing processes and better use existing expertise in these teams to meet the mutual goal of proactively managing early and safe return to work.

The changes included:

- Reaching out to employers scheduled for a PRIME audit to determine if they required assistance with ESRTW programming.
- Providing employers with contact information for both prevention and claims management team members to better meet the communication needs of the employer.
- Providing further intervention and education to employers who were not successful in the PRIME audit.

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## Discussion of Overall Results

As planned for 2021, WorkplaceNL continued working towards the goal of implementing changes that support workers' early re-integration into the workforce safely. The focus is to support preventing work disability through stay-at-work and early return-to-work programs.

A multi-year plan to review and update return-to-work and LMR policies and procedures is in place and WorkplaceNL reviewed three policies and two procedures in 2021. WorkplaceNL will continue this review in 2022 with another five policies and four procedures planned.

Additional changes to support workforce reintegration in the future include: renaming the Labour Market Re-entry Program; further developing key performance indicators; developing new services to support injured workers for whom formal training is not suitable; and supporting the full implementation of occupational therapy services.

WorkplaceNL made several changes to strengthen service delivery for traumatic psychological injuries and will continue this work into 2022. In 2021, WorkplaceNL:

- Contracted services with a psychology consultant to help WorkplaceNL ensure appropriate psychological services are provided to injured workers and to educate psychologists in the community.
- Reviewed and collaborated with other jurisdictions to gather information on assessment, treatment and rehabilitation programs for traumatic psychological injuries.
- Reassigned employees with a greater propensity for traumatic mental stress claims to the case management team responsible for managing traumatic psychological injuries to ensure a consistent service delivery to these injured workers and employers.
- Provided training and support to WorkplaceNL employees who manage these types of claims to further strengthen a flexible, supportive and professional approach with clients.

WorkplaceNL will assess the effectiveness of these processes to integrate disability management into PRIME audits in 2022.



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#### Looking Forward Goal 4: 2022 Claims Management Objective and Indicators

**2022 Objective:** By December 31, 2022, WorkplaceNL will have furthered enhancements to support early re-integration into the workforce.

**Indicator 4.1:** Continued changes to support workforce integration.

**Indicator 4.2:** Implemented additional service delivery enhancements for traumatic psychological injuries.

**Indicator 4.3:** Assessed the integration of disability management practices within PRIME audits.



## Opportunities and Challenges<sup>1</sup>

We are refocusing our prevention efforts to adopt a two-fold approach: to prevent workplace injury and illness from happening in the first place; but if an incident should occur, to prevent longer-term disability, especially for workers with relatively minor injuries.

### Reducing injury and illness

The workplace injury rate in Newfoundland and Labrador has decreased 70 per cent in the last four decades. The highest injury rate was in 1989 at 5.2 lost-time incidents per 100 workers. In 2015, it reached its lowest rate of 1.5 and since then, has plateaued at 1.5 or 1.6.

We acknowledge our many partners who have helped lower the injury rate over the years through a number of measures, including: changing legislation, increasing prevention and training efforts, and continuing compliance at worksites.

However, given the current lost-time injury rate of 1.5, further reductions will require continued effort. Leadership and collaboration from all workplace parties and safety partners will be important as we develop a new workplace injury prevention strategy for the province.

### Preventing disability

Prevention is more than just preventing injuries. It's also about preventing long-term disability. We want the best for the workers in our province. Being off work for an extended period is not good for a worker, their family, their employer, or the province's economy. We want workers who are injured to not only safely return to work, but to get back to doing the things they love. This is why we are so committed to helping injured workers safely stay at work during recovery, where possible, or recover quickly and safely. Approximately 70 to 75 per cent of lost-time claims are for soft-tissue injuries.

WorkplaceNL is refocusing its efforts to help injured workers with relatively minor injuries avoid longer-term disability and reduce the related financial and emotional impacts on them, their families, and their employers.

In late 2021, we introduced early access to occupational therapy services, to help some injured workers identify ways to recover at work within their functional ability, at the same time as receiving medical treatment for their injury. Early occupational therapy services provide workers with a better opportunity to recover and return to work.

We work with each injured worker, on a case-by-case basis, to help find the right help at the right time, whether they have minor or serious injuries.

### Coping with the pandemic

In 2021, the COVID-19 pandemic brought further unexpected challenges. We continued to manage risks through our Business Continuity Plan and brought in safety measures to help protect employees, clients, and the public.

Whether working from home or in the office, our employees ensured that employers were supported and benefits were paid to injured workers.

We will continue to follow public health guidance as the pandemic evolves.

### Innovating service delivery

There are opportunities to continue to make services more accessible and modern for injured workers and employers. WorkplaceNL will continue its client-first approach to service delivery and implement digital services that benefit its clients.

### **Managing health care costs and access to services**

WorkplaceNL proactively seeks opportunities to manage the cost of health care services for injured workers and to provide them with timely access to care. To do this, we negotiate agreements with major health care providers; actively manage claims; purchase medical items through the public procurement process; and adhere to the provincial generic drug-pricing list.

WorkplaceNL plans to update the 2023 OHS Awareness Survey questions to ask if injured workers and employers are accessing services if eligible, or if there are indicators of claim suppression.

### **Managing financial sustainability**

As a responsible steward of the Injury Fund, stakeholder-agreed financial policies guide WorkplaceNL in setting assessment rates to ensure sufficient funds will be available for injured workers for the duration of their claims and provide a mechanism for WorkplaceNL to respond to external influences in a controlled and responsible manner.

The COVID-19 pandemic continues to impact the Canadian and global economies, with high inflation and increasing pressure on interest rates contributing to a volatile investment market. WorkplaceNL continues to maintain a long-term view and a diversified investment portfolio to mitigate the impact of this volatility and ensure the financial sustainability of the Injury Fund.

### **Responding to the 2019 Statutory Review**

The recent 2019 Statutory Review offers an opportunity for WorkplaceNL to remain responsive to feedback from many people, groups, partners, and stakeholders.

Throughout this 2021 Annual Performance Report, we cite progress on 12 recommendations, four of which are complete.

In 2022, WorkplaceNL will continue to work on the operational recommendations from the review as well as support the Provincial Government in their analysis on potential legislative changes and partner with the WHSCRD to implement two shared recommendations. Any outstanding recommendations will be assessed throughout 2022 and may be included in future strategic plans.

<sup>1</sup>This is to acknowledge an error in the 2020 Annual Performance Report on page 17 that cited incorrect years.

The statements should have read: The injury rate was at its highest in 1989 at 5.2 lost-time incidents per 100 employees and recently reached its lowest of 1.5 in 2015. The injury rate increased slightly to 1.6 in 2018 and once again, decreased to 1.5 in 2020.

## Management Discussion and 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 WorkplaceNL. This MD&A should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2021. The MD&A was prepared based on information available as of March 24, 2022. The Board of Directors has reviewed the MD&A following the 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 organization's objectives, strategies, targeted and expected financial results; and the outlook for the provincial, national, and global economies. Risks and uncertainties include, but are not limited to: changing markets, industry and general economic factors or conditions; changes in legislation affecting the organization's policies and practices; changes in accounting standards; and other risks, known or unknown. The reader is cautioned not to place undue reliance on these forward-looking statements. Table 1 references the financial highlights as viewed in these forward looking statements.

**Table 1:** Financial Highlights

| (\$millions)  | 2021    | 2020    |
|---|---------|---------|
| Investments   | 1,669.7 | 1,574.9 |
| Benefit liabilities   | 1,290.2 | 1,253.2 |
| Fund balance  | 430.1   | 333.6   |
| Assessment income   | 144.1   | 131.4   |
| Investment income   | 202.6   | 109.4   |
| Claims costs incurred   | 177.8   | 176.5   |
| Actuarial adjustments   | 35.8    | (2.3)   |
| Administration costs  | 18.3    | 19.9    |
| Legislated obligations  | 7.1     | 7.3     |
| Operating surplus   | 96.5    | 32.1    |
| Average assessment rate<br>(\$0.21 discount applied in 2020 and 2021) | \$1.69  | \$1.69  |
| Rate of return on investments   | 12.9%   | 7.2%    |
| Funded ratio  | 132.3%  | 125.5%  |

### Statement of Financial Position

WorkplaceNL deferred collection of 2020 assessments, and waived interest and penalties due to the COVID-19 pandemic. Employers were able to avail of interest-free payment plans from September 2020 to March 2021. WorkplaceNL increased its line of credit to provide additional working capital to bridge the period during which collection of assessments was deferred. As a result, there was a higher balance of assessments receivable and of short-term borrowing than normal at December 31, 2020.

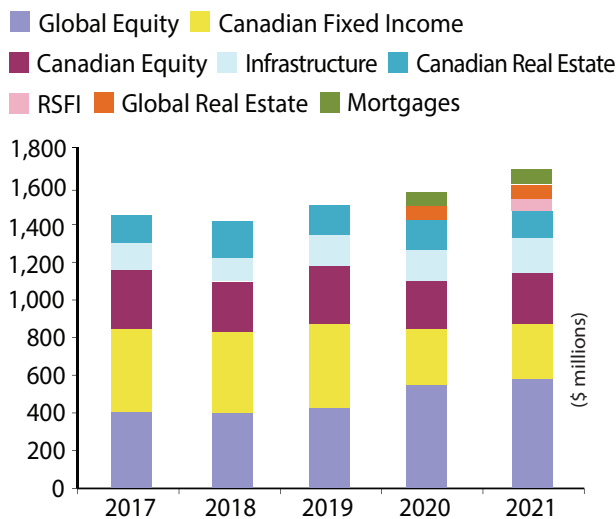


In 2021, the collection of assessments, interest, and penalties, all reverted to normal payment terms, as did the short-term borrowing program.

## Investments

WorkplaceNL's Injury Fund is a diversified investment portfolio which provides for the security of benefits due to injured workers. The fair value of the Injury Fund increased \$124.8 million to \$1,699.7 million at December 31, 2021 from \$1,574.9 million at the end of 2020. This reflects investment income of \$202.6 million and withdrawals of \$74.2 million to fund benefit payments and operations. Figure 1 illustrates the injury fund value and mix over five years.

**Figure 1:** Injury Fund



## Investment Strategy and Portfolio Construction

The Board is responsible to ensure that the assets of the Injury Fund, along with future investment income, are sufficient to pay future benefits for existing claims. The Board 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 Statement of Investment Principles and Beliefs (SIPB) and the Long-term Investment Policy guide WorkplaceNL's investment strategy. 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 asset mix was updated in 2020 to include mortgages, return-seeking fixed income (RSFI), and global real estate and remained in effect for 2021

The asset mix, as seen in Table 2, will vary from the targets due to differences in the relative performance of the various financial market segments. All asset classes were within their respective tolerance ranges at December 31, 2021.

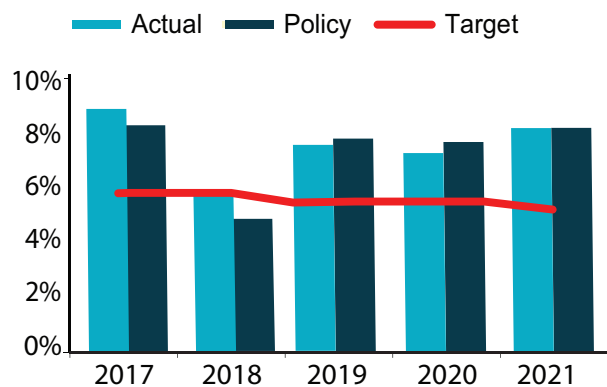
**Table 2:** Asset Mix Targets as at December 31, 2021

| Asset Class                 | Asset Mix | Tolerance Range |
|-----------------------------|-----------|-----------------|
| Fixed Income, Canadian      | 20 %      | ±5 %            |
| Mortgages                   | 5 %       | ±2.5 %          |
| Return-seeking Fixed Income | 5 %       | ±2.5 %          |
| Equities, Canadian          | 15 %      | ±5 %            |
| Equities, Global            | 35 %      | ±5 %            |
| Infrastructure, Global      | 10 %      | ±5 %            |
| Real Estate, Global         | 2.5 %     | ±2.5 %          |
| Real Estate, Canadian       | 7.5 %     | ±2.5 %          |



An 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. Figure 2 summarizes the actual, policy, and target returns for five years.

**Figure 2:** Four-year Annualized Returns



WorkplaceNL sets a long-term investment target that includes returns over many years. The target rate of return for the investment portfolio over the long term had been 5.5 per cent and was revised to 5.25 per cent in 2021. The gross discount rate of 5.25 per cent is considered by management to be its best estimate of long-term investment returns for the Injury Fund, net of investment fees.

For the four-year period ending December 31, 2021, the Injury Fund earned an annualized return of 8.3 per cent which was equivalent to the benchmark over the same period.

## Benefit Liabilities

Benefit liabilities reflect the present value of all future payments expected to be made on behalf of injured workers for accepted claims for injuries occurring up to December 31, 2021, and the future cost of administering those claims. WorkplaceNL has also included a provision for future claims related to latent occupational disease and presumptive cancer coverage for firefighters. Benefit liabilities increased \$37.0 million, or 2.9 per cent from \$1,253.2 million at the end of 2020, to \$1,290.2 million at the end of 2021 (see Figure 3). Of this increase, \$17.7 million is attributable to the decrease in discount rate from 5.50 per cent to 5.25 per cent.

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 17 Benefit Liabilities and Claims Costs, to the financial statements, are consistent with those used in the prior year. Current accounting and actuarial standards allow for the use of a discount rate equivalent to the long-term expected return on the benchmark asset allocation adopted through WorkplaceNL's Long-term Investment Policy, which is 5.25 per cent.

The International Accounting Standards Board (IASB) has issued a new standard, International Financial Reporting Standards (IFRS) 17 Insurance Contracts, that will be applicable for fiscal years beginning on or after January 1, 2023. WorkplaceNL is in the process of reviewing and preparing for the impact implementation of this standard will have on its financial statement presentation.

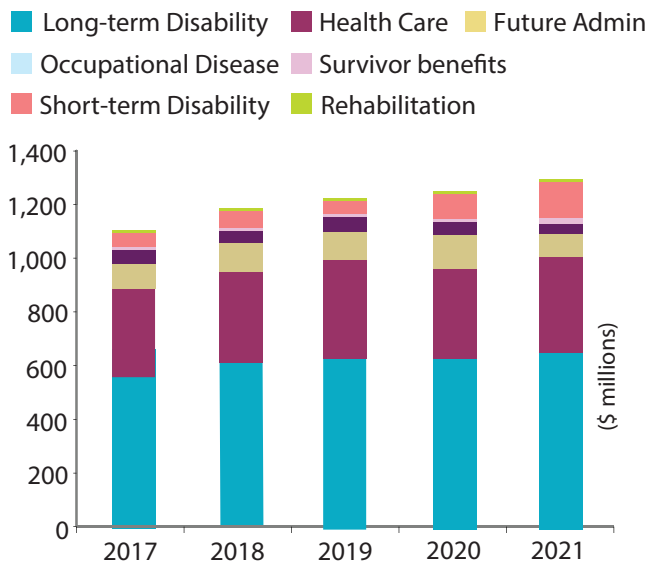
Among other changes, this standard provides for the use of a discount rate that is closer to a risk-free rate; one which is comparable to the expected rate of return earned on a hypothetical fixed income portfolio consisting of high-quality bonds of durations similar to the cash flows associated with the liability. If this accounting standard had been in effect at December 31, 2021, such a discount rate would be approximately 2.8 per cent and would result in an increase in the benefit liability of \$274.9 million and a reduction in the funded ratio to 109.5 per cent.

Both the cost and number of active short-term disability and rehabilitation claims were higher than expected in 2021. Although there was a decrease in new injuries, payments for these benefits were \$6.6 million higher than expected in 2021, which, when projected, resulted in a further experience loss of \$5.6 million.

Net experience losses in relation to the liability for long-term disability benefits were \$22.3 million. There were gains arising from fewer outstanding Extended Earnings Loss (EEL) claims, and benefit payments being less than expected in 2021. However, losses arose from new awards granted (\$15.7 million) being higher than expected, and an increase in the projected average cost of each EEL claim to \$165,000 (\$6.4 million), as well as differences in inflation.

The long-term disability benefits provided under the Act are indexed to the full rate of inflation with no upper limit. WorkplaceNL calculates the annual inflation adjustment based on the year-over-year change in the Canadian Consumer Price Index at July each year and applies the adjustment January 1 of the following year. The inflation adjustment calculated in 2021 was 1.5 per cent and the inflation adjustment has averaged 2.0 per cent over the past five years. The inflation assumption for 2023 is currently projected to be 4.0 per cent. These differences in actual inflation from the long-term assumption resulted in a net loss of \$5.5 million in this category.

**Figure 3:** Benefit Liabilities



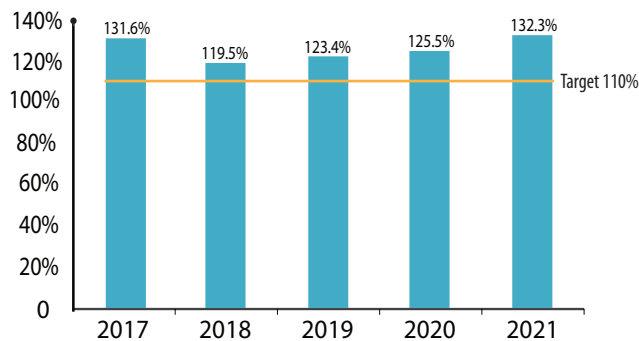
Health care payments were \$2.4 million lower than expected in 2021, which, when projected over the long term, resulted in a further experience gain of \$18.8 million. However, this gain was more than offset by experience losses for both short- and long-term disability obligations.

**Funding Policy**

WorkplaceNL’s stakeholder-agreed Funding Policy is designed to maintain a funded position that will provide for the security of injured

worker benefits within employers' reasonable ability to pay assessments. The Funding Policy provides guidance to ensure WorkplaceNL responds to external factors, such as volatile investment markets, in a controlled and responsible manner. Figure 4 depicts the five-year history of funded ratio versus target ratio.

**Figure 4:** Funded Ratio



The Injury Fund is fully-funded when the total assets equal or exceed total liabilities plus reserves. 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.

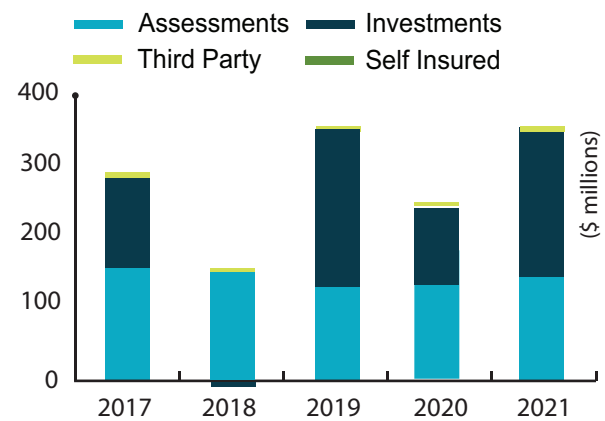
The Funding Policy specifies a funding target operating range from 100 to 120 per cent. If the funded status moves outside the targeted range, WorkplaceNL will adjust assessment rates paid by employers over a 15-year period to achieve the funding target. The average assessment rate for 2020 and 2021 reflect a \$0.21 discount aimed at returning the funded ratio to 110 per cent.

The funded ratio increased from 125.5 per cent at December 31, 2020 to 132.3 per cent at December 31, 2021. This is primarily due to high investment returns of 12.9 per cent, which exceeded the long-term target of 5.25 per cent by approximately \$120 million.

## Statement of Comprehensive Income Revenue

WorkplaceNL's revenue sources are assessments paid by employers, investment income, self-insured administration fees, and third-party recoveries. In 2021, revenue totaled \$350.2 million, a 43 per cent increase from 2020 revenue of \$244.6 million (see Figure 5), driven by higher investment returns.

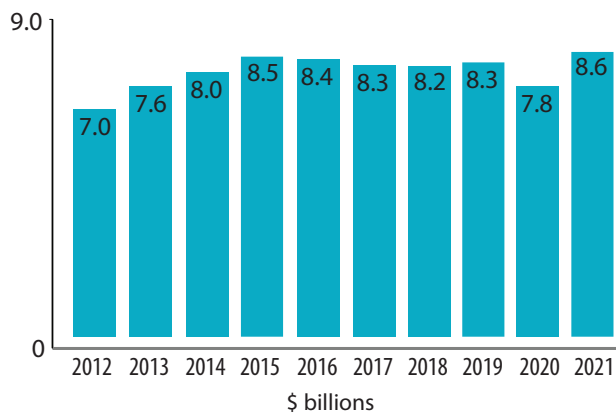
**Figure 5:** Revenue



## Assessments Revenue

Assessment revenue from rate-based employers increased 9.7 per cent to \$144.2 million from \$131.4 million in 2020. Revenue from assessments consists of base assessments, as well as practice and experience incentives, refunds, and charges disbursed and collected through the PRIME program.

In 2021, employer assessable payrolls increased by 9.8 per cent to \$8.56 billion, as illustrated in Figure 6. Growth was led by the fishing; health and social services; and real estate and insurance industries. The category 'other services' saw the largest decline.

**Figure 6:** Assessable Payroll

The average base assessment rate paid by employers in 2021 continued to be \$1.69 per \$100 of assessable payroll, due to the application of a temporary \$0.21 discount.

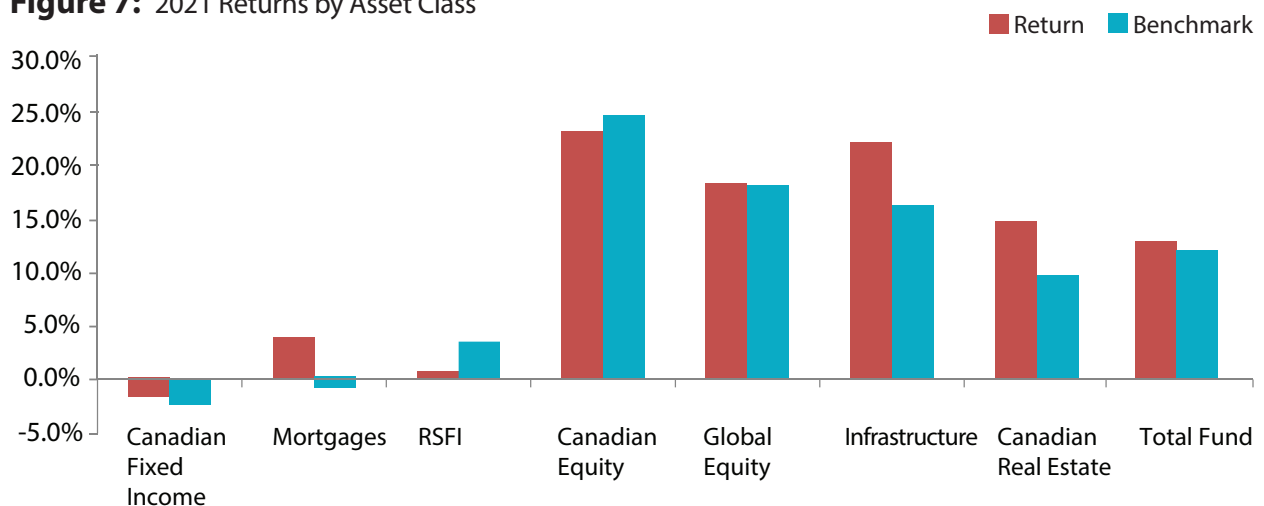
Under WorkplaceNL's PRIME program, employers can affect the assessments they pay by meeting their requirements under the practice incentive component and managing their claim costs under the experience incentive component.

The practice component recognizes employers for good OHS and return-to-work practices through a five per cent refund on their average calculated base assessments. While the percentage of employers qualifying for PRIME has increased over time, the value of the refunds available has declined due to lower assessment rates. The net PRIME refunds decreased 31 per cent from \$2.6 million to \$1.8 million.

Revenue from self-insured employers consists of the administration fee for managing their claims. In 2021, revenue in this category increased by 4.9 per cent to \$2.3 million (2020 - \$2.2 million).

### Investment Income

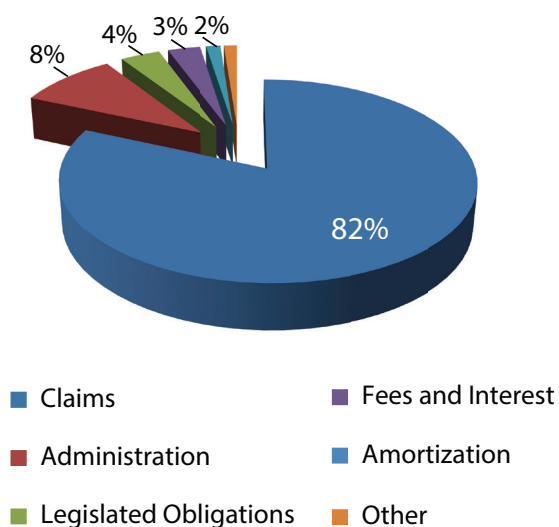
Investment income includes dividends and interest from the Injury Fund portfolio, and short-term investments, as well as gains and losses arising from changes in the market value of investments. In accordance with IFRS, both realized and unrealized gains and losses are included in investment income.

**Figure 7:** 2021 Returns by Asset Class

In 2021, WorkplaceNL's investment income was \$202.6 million (2020 - \$109.4 million). The Injury Fund had a rate of return of 12.9 per cent (2020 - 7.2 per cent) compared to the long-term target of 5.25 per cent. Figure 7 shows the 2021 fund return by asset class.

WorkplaceNL's total expenses include benefit costs, administrative expenses, legislated obligations, fees and interest, amortization, and other expenses. Benefits for injured workers are the most significant component of WorkplaceNL's expenses, which comprises 82 per cent (2020 – 82 per cent) of expenses, while administration expenses are approximately eight per cent (2020 – nine per cent) of the total (see Figure 8).

**Figure 8:** Total Expenses 2021



Claims costs incurred (expense), as reported in the Statement of Comprehensive Income, are actuarially determined and include the full cost of providing for all injuries that occurred in the current and prior years. Claims costs incurred increased \$1.3 million (0.7 per cent) from \$176.5 million in 2020 to \$177.8 million in 2021, primarily due to higher short-term payments.

Claims costs paid includes 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, as reported in the Statement of Cash Flows. These amounts include payments made on behalf of self-insured employers. In total, these payments increased 3.6 per cent to \$176.6 million in 2021, from \$170.5 million in 2020. The average rate of increase from 2016 to 2021 has been 4.3 per cent per year.

### Outlook

WorkplaceNL maintained the average assessment rate at \$1.69 for 2022, continuing the temporary \$0.21 discount to enable the funded position to return to 110 per cent over 15 years. WorkplaceNL is forecasting assessable payrolls of \$8.64 billion in 2022, a slight increase from 2021.

While parts of the world appear to be emerging from the COVID-19 pandemic in 2022, it is anticipated that global financial markets will continue to experience significant volatility with continuing concerns regarding supply chain issues and inflation, as well as geopolitical developments.



## Financial Statements 2021

### Management responsibility for financial reporting

The accompanying financial statements of WorkplaceNL have been prepared by management, who is responsible for the integrity and fairness of the information presented, including significant accounting judgments, estimates, and actuarial assumptions. This responsibility includes selecting appropriate accounting principles and actuarial assumptions consistent with International Financial Reporting Standards. Financial information contained elsewhere in this Annual Performance Report is consistent with these financial statements.

In discharging its responsibility for the integrity and reliability of the financial statements, management maintains a system of 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 WorkplaceNL's internal controls, practices, and procedures.

The Board of Directors oversees management's responsibility for financial reporting through its Financial Services Committee, which recommends approval of the financial statements. The Financial Services Committee oversees the external audit of WorkplaceNL's annual financial statements and the accounting and financial reporting and disclosure processes and policies of WorkplaceNL. The Financial Services Committee of the Board meets with management, the independent consulting actuary, and the independent auditors to discuss the results of the external audit, the adequacy of internal accounting controls, and the quality and integrity of financial reporting. WorkplaceNL's Board of Directors has approved the financial statements included in this Annual Performance Report.

LifeWorks has been appointed as independent consulting actuary to WorkplaceNL. Its role is to complete an independent actuarial valuation of the benefit liabilities of WorkplaceNL annually and to report thereon in accordance with accepted actuarial principles. Ernst & Young LLP, the independent auditors of WorkplaceNL, have performed an audit of the 2021 financial statements of WorkplaceNL in accordance with Canadian generally accepted auditing standards and their report follows.



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Dennis Hogan  
Chief Executive Officer



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Andrew Vavasour  
Chief Financial & Information Officer

## Actuarial Statement of Opinion

We have completed the actuarial valuation of the benefit liabilities of the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador (“WorkplaceNL”) as at December 31, 2020 (the “valuation date”). The valuation is based on the provisions of the Workplace Health, Safety and Compensation Act of Newfoundland and Labrador (the “Act”) and on WorkplaceNL’s policies and practices in effect on the valuation date.

The estimate of the actuarial liabilities for assessed employers as at the valuation date is \$1,290,181,000. The actuarial liabilities include provisions for benefits and administration expenses expected to be paid after the valuation date for accidents that occurred on or before the valuation date. They also include a provision for potential long-latency occupational disease claims associated with exposure that occurred on or before the valuation date. Self-insured employers are not included in this valuation.

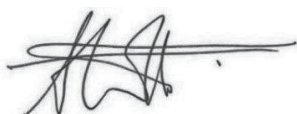
Details of the data, actuarial assumptions, valuation methods and results are included in the actuarial valuation report as at the valuation date, of which this statement of opinion forms part. In our opinion:

1. The data on which the valuation is based are sufficient and reliable for the purpose of the valuation. Data for the valuation were supplied by WorkplaceNL in accordance with specifications provided by us and we applied such checks of reasonableness of the data as we considered appropriate.
2. The assumptions are appropriate for the purpose of the valuation. The economic assumptions are consistent with the long-term financial strategy and long-term investment policies of WorkplaceNL.
3. The methods employed in the valuation are appropriate for the purpose of the valuation.
4. The amount of the actuarial liabilities makes appropriate provision for all personal injury compensation obligations and the financial statements fairly present the results of the valuation.

Our valuation report has been prepared and our opinions have been given in accordance with accepted actuarial practice in Canada.

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

Emerging experience, differing from the assumptions, will result in gains or losses which will be revealed in future valuations.



Scott Mossman, FSA, FCIA



Jeff Turnbull, FSA, FCIA

## Independent auditor's report

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

### Opinion

We have audited the financial statements of **Workplace Health, Safety and Compensation Commission** [the “Organization”], which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in funded position and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards [“IFRSs”].

### Basis for opinion

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

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

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

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

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

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

St. John's, Canada  
April 6, 2022



Ernst & Young LLP

Chartered Professional Accountants

**Statement of FINANCIAL POSITION  
as at December 31**

| (thousands of dollars)                             | 2021                | 2020                |
|--|---------------------|---------------------|
| <b>Assets</b>                                      |                     |                     |
| Cash, cash equivalents and short-term investments  | \$ 7,326            | \$ 4,197            |
| Accounts receivable [note 6]                       | 15,357              | 25,970              |
| Investments [note 7]                               | 1,699,732           | 1,574,864           |
| Right-of-use assets [note 10]                      | 1,594               | 1,819               |
| Property, plant and equipment [note 11]            | 7,668               | 7,602               |
| Intangible assets [note 12]                        | 12,707              | 14,560              |
|  | <b>\$ 1,744,384</b> | <b>\$ 1,629,012</b> |
| <b>Liabilities</b>                                 |                     |                     |
| Short-term borrowing [note 13]                     | -                   | 20,000              |
| Accounts payable and accrued liabilities [note 15] | 20,709              | 18,649              |
| Employee future benefits [note 18]                 | 1,721               | 1,656               |
| Lease liabilities [note 10]                        | 1,669               | 1,869               |
| Benefit liabilities [note 17]                      | 1,290,181           | 1,253,231           |
|  | <b>1,314,280</b>    | <b>1,295,405</b>    |
| <b>Fund balance</b>                                | <b>430,104</b>      | <b>333,607</b>      |
|  | <b>\$ 1,744,384</b> | <b>\$ 1,629,012</b> |

Authorized for issue on March 30, 2022 on behalf of the Board of Directors



John Peddle  
Chairperson



Gregory Viscount  
Director

See accompanying notes.



**Statement of COMPREHENSIVE INCOME**  
**Year ended December 31**

| (thousands of dollars)                              | 2021             | 2020             |
|---|------------------|------------------|
| <b>Revenue</b>                                      |                  |                  |
| Assessments revenue [note 16]                       | \$ 144,149       | \$ 131,434       |
| Investment income [note 8]                          | 202,640          | 109,416          |
| Third-party recoveries                              | 1,066            | 1,552            |
| Self-insured employer revenue                       | 2,308            | 2,164            |
|   | <b>350,163</b>   | <b>244,566</b>   |
| <b>Expenses</b>                                     |                  |                  |
| Claims costs incurred [note 17]                     |                  |                  |
| Short-term disability                               | 50,589           | 47,318           |
| Long-term disability                                | 64,254           | 63,335           |
| Survivor benefits                                   | 3,453            | 5,311            |
| Health care   | 42,376           | 43,736           |
| Rehabilitation                                      | 2,060            | 1,872            |
| Future administration costs                         | 15,033           | 14,931           |
|   | <b>177,765</b>   | <b>176,503</b>   |
| Actuarial adjustments [note 17]                     | <b>35,792</b>    | <b>(2,332)</b>   |
|   | <b>213,557</b>   | <b>174,171</b>   |
| Administration [note 19]                            | 18,250           | 19,916           |
| Legislated obligations [note 20]                    | 7,075            | 7,327            |
| Fees and interest, net [note 14]                    | 7,285            | 7,106            |
| Amortization and depreciation [notes 10, 11 and 12] | 3,321            | 3,209            |
| Other expenses [note 21]                            | 4,141            | 771              |
|   | <b>253,629</b>   | <b>212,500</b>   |
| Operating surplus                                   | <b>96,534</b>    | <b>32,066</b>    |
| <b>Other comprehensive loss</b>                     |                  |                  |
| Remeasurement of employee future benefits [note 18] | <b>(30)</b>      | <b>(107)</b>     |
| <b>Total comprehensive income</b>                   | <b>\$ 96,504</b> | <b>\$ 31,959</b> |

See accompanying notes.

**Statement of CHANGES IN FUNDED POSITION**  
**Year ended December 31**

| (thousands of dollars)                            | 2021              | 2020              |
|---|-------------------|-------------------|
| Accumulated operating surplus                     |                   |                   |
| Balance, beginning of year                        | \$ 331,374        | \$ 300,308        |
| Operating surplus                                 | 96,534            | 32,066            |
| Reserve allocation [note 22]                      | (1,000)           | (1,000)           |
|   | <u>426,908</u>    | 331,374           |
| Accumulated other comprehensive loss              |                   |                   |
| Balance, beginning of year                        | (820)             | (713)             |
| Other comprehensive loss [note 18]                | (30)              | (107)             |
|   | <u>(850)</u>      | (820)             |
| Reserves  |                   |                   |
| Occupational Health and Safety Research [note 22] | <u>4,047</u>      | 3,053             |
| Fund balance, end of year                         | <u>\$ 430,104</u> | <u>\$ 333,607</u> |

See accompanying notes.

## Statement of CASH FLOWS

### Year ended December 31

| (thousands of dollars)   | 2021             | 2020             |
|--|------------------|------------------|
| <b>Cash flow from operating activities</b>                               |                  |                  |
| Cash received from:  |                  |                  |
| Employers, for assessments   | \$ 154,813       | \$ 114,115       |
| Self-Insured administration and claims cost                              | 12,144           | 11,914           |
| Third parties  | 1,012            | 1,533            |
|  | <u>167,969</u>   | <u>127,562</u>   |
| Cash paid to:  |                  |                  |
| Claimants or third parties on their behalf                               | (175,209)        | (169,611)        |
| Suppliers and employees, for administrative and other goods and services | (38,956)         | (44,191)         |
| Investment manager, interest & other fees                                | (3,946)          | (3,803)          |
|  | <u>(218,111)</u> | <u>(217,605)</u> |
| Net cash used in operating activities                                    | <u>(50,142)</u>  | <u>(90,043)</u>  |
| <b>Cash flows from investing activities</b>                              |                  |                  |
| Cash received from:  |                  |                  |
| Interest   | 11,389           | 11,622           |
| Dividends  | 23,270           | 17,136           |
| Sale of investments  | 578,812          | 476,793          |
|  | <u>613,471</u>   | <u>505,551</u>   |
| Cash paid for:   |                  |                  |
| Purchase of investments  | (538,610)        | (432,943)        |
| Purchase of property, plant and equipment                                | (605)            | (634)            |
| Purchase of intangible assets  | (985)            | (2,614)          |
|  | <u>(540,200)</u> | <u>(436,191)</u> |
| Net cash provided by investing activities                                | <u>73,271</u>    | <u>69,360</u>    |
| <b>Cash flows from financing activities</b>                              |                  |                  |
| Cash received from:  |                  |                  |
| Short-term borrowing   | 0                | 46,000           |
|  | <u>0</u>         | <u>46,000</u>    |
| Cash paid for:   |                  |                  |
| Repayment of short-term borrowing  | (20,000)         | (26,000)         |
| Interest and fees  | 0                | (302)            |
|  | <u>(20,000)</u>  | <u>(26,302)</u>  |
| Net cash provided by (used in) financing activities                      | <u>(20,000)</u>  | <u>19,698</u>    |
| Net change in cash and cash equivalents                                  | <u>3,129</u>     | <u>(985)</u>     |
| Cash and cash equivalents  |                  |                  |
| Beginning of year  | 4,197            | 5,182            |
| End of year  | <u>\$ 7,326</u>  | <u>\$ 4,197</u>  |

See accompanying notes.

## 1. NATURE OF OPERATIONS

The Workplace Health, Safety and Compensation Commission (WorkplaceNL) was established by the Newfoundland Legislature in 1951, under the **Workplace Health, Safety and Compensation Act** (the Act), as amended. WorkplaceNL is a legislative incorporated entity with no share capital. The main office of WorkplaceNL is located at 146-148 Forest Road, St. John's, Newfoundland and Labrador, Canada. WorkplaceNL operates two additional offices in Newfoundland and Labrador in Grand Falls-Windsor and Corner Brook.

WorkplaceNL 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 WorkplaceNL 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 WorkplaceNL assessment or benefit decisions. WorkplaceNL does not receive government funding or other assistance.

The funds, investments and income of WorkplaceNL are free from taxation pursuant to Section 10(2) of the Act.

## 2. BASIS OF PREPARATION

### **Statement of Compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

### **Going concern**

WorkplaceNL has assessed the relevant financial and economic indicators and has determined that there is an ability to operate as a going concern, as supported by the funding strategy to maintain a funded ratio between 100% and 120% [note 24].

### **Basis of measurement**

The financial statements have been prepared on the historical cost basis unless otherwise explained in the significant accounting policies below. Historical cost is based on the fair value of the consideration given in exchange for assets.

The financial statements are presented in Canadian currency.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Cash and cash equivalents and short-term investments

Cash and cash equivalents and short-term investments include cash at banks and on hand, bank overdrafts and money market instruments. Those assets with original maturity dates at time of purchase of three months or less are classified as cash equivalents, whereas those with original maturities beyond 3 months, and less the 12 months are classified as short-term investments. Cash, cash equivalents and short-term investments are measured at fair value. Cash equivalents bear interest rates of 0.75% [2020 - 0.75% - 2.25%].

#### Assessments revenue

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls at which point revenue is recognized. The assessment levy is payable by installments within the current year. At year-end, assessment revenue is adjusted based on a review of the employers' actual payrolls, as well for the estimate of practice and experience incentive refunds which are payable to the employers under the Prevention & Return-to-Work Insurance Management for Employers/Employees Program (PRIME).

#### Self insured employer revenue

Self insured employers are assessed an administration fee which is based on the volume and cost of claims. Revenue is presented on a net basis since WorkplaceNL acts as an agent in these transactions.

#### Accounts receivable

A provision for accrued assessments is included in accounts receivable based on historical assessment information. Actual employers' payrolls may differ from estimates. The allowance for doubtful accounts is comprised primarily of outstanding balances older than two years.

#### Right-of-use assets

Right-of-use assets are recognized at the lease commencement date. They are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

|                 |          |
|-----------------|----------|
| Office premises | 10 years |
|-----------------|----------|

If ownership of the leased asset transfers to WorkplaceNL at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are also subject to impairment.



## SIGNIFICANT ACCOUNTING POLICIES (continued)

### Lease liabilities

At the commencement of the lease, liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments are discounted using WorkplaceNL's incremental borrowing rate.

### Property, plant and equipment

Property, plant and equipment are reported at cost, less accumulated amortization. These assets are amortized on a straight-line basis over their estimated useful lives, as follows:

|                         |              |
|-------------------------|--------------|
| Building                | 40 years     |
| Furniture and equipment | 10 years     |
| Computer equipment      | 1 to 5 years |

At the end of each reporting period, the useful lives of items of property, plant and equipment are reviewed and adjusted if required, and an assessment is made whether there is any indication of impairment. If an item of property, plant and equipment is determined to be impaired, its carrying value is reduced to the net recoverable amount.

### Intangible assets

Intangible assets, which include purchased software and internally developed systems including systems not available for use, are recorded at cost. Assets in service are amortized monthly on a straight-line basis over their estimated useful lives of five to ten years. The amortization method and period are reviewed at the end of each reporting period. Intangible assets are assessed for impairment whenever there is an indicator that the intangible assets may be impaired. If an asset is determined to be impaired, its carrying value is reduced to the net recoverable amount.

### Software as a service

Software as a service arrangements are service contracts which provide WorkplaceNL with the right to access a cloud provider's software for a specified period. Costs incurred to configure, customize, and the ongoing fees for access to the software, are recognized as operating expenses when services are received.

### 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, as well as the estimated liability for latent occupational disease, an estimate for presumptive coverage for firefighters and a provision for the future costs of administering claims.

## SIGNIFICANT ACCOUNTING POLICIES (continued)

The benefit liabilities were valued by an independent actuary 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 WorkplaceNL's benefit liabilities.

### Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into their Canadian dollar equivalent using exchange rates in effect on the reporting date. Revenues and expenses are translated using exchange rates in effect at the transaction date. Realized and unrealized exchange gains or losses are included in comprehensive income.

### Investments

Investments are designated as fair value through profit or loss (FVTPL). Realized gains and losses on the sale of investments, and unrealized gains and losses arising from the change in fair value of the investments are recorded in investment income during the period in which they arise. All purchases and sales of investments are recognized on the dates the trades are executed. Income from interest and dividends are recorded as investment income in the period earned.

### Financial instruments

WorkplaceNL's financial instruments consist of cash, cash equivalents and short-term investments, accounts receivable, investments, accounts payable and accrued liabilities. The carrying value of financial instruments, with the exception of investments, approximate fair value due to their immediate or short-term maturity and normal credit terms. Losses arising from impairment of accounts receivable are recognized in the statement of operations in fees and interest expense.

Financial assets and liabilities are initially recognized at fair value. Financial instruments are classified as follows for purposes of subsequent measurement:

| <b>Asset/Liability</b>                          | <b>Classification</b> | <b>Measurement</b> |
|---|-----------------------|--------------------|
| Cash, cash equivalents & short-term investments | FVTPL                 | Fair Value         |
| Accounts receivable                             | Loans and receivables | Amortized cost     |
| Investments                                     | FVTPL                 | Fair value         |
| Accounts payables and accrued liabilities       | Other liabilities     | Amortized cost     |

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement

## SIGNIFICANT ACCOUNTING POLICIES (continued)

date. Financial instruments are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1 Valuation based on quoted prices [unadjusted] in active markets for identical assets or liabilities.
- Level 2 Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly [i.e., as prices] or indirectly [i.e., derived from prices].
- Level 3 Valuation techniques using inputs for the asset or liability that are not based on observable market data [unobservable inputs].

WorkplaceNL uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Financial instruments included in level 1 of the fair value hierarchy consist of cash and cash equivalents and equities. Fixed term and real estate financial instruments are included in level 2 with infrastructure investments in level 3. WorkplaceNL determines whether transfers have occurred between levels in the hierarchy for reassessing categorization at the end of each reporting period.

The fair value of publicly traded investments is based on quoted prices from security exchanges, while that of domestic real estate investment funds and pooled fund units are valued at their year-end net asset value, based on associated net asset value transactions. There are pooled unit funds in both the fixed term and equity investments [Note 7]. For infrastructure classified as level 3, values represent WorkplaceNL's proportionate share of the underlying net assets at fair values estimated using one or more methodologies including multiples of earnings or discounted cash flows. These values are supported by periodic appraisals performed by independent qualified appraisers.

### Employee future benefits

Employees participate in the Province of Newfoundland and Labrador's Public Service Pension Plan (PSPP), a multi-employer defined benefit plan. The employer's contributions are expensed as incurred. WorkplaceNL is neither obligated for any unfunded liability, nor entitled to any surplus that may arise in this plan.

WorkplaceNL's share of the future contributions are dependent upon the funded position of the PSPP.

WorkplaceNL provides a payout of accumulated annual leave balances and had provided a severance payment upon retirement, resignation or termination without cause. The expected costs of providing these employee future benefits are accounted for on an accrual basis and have been determined using management's best estimate of wage inflation, and retirement ages of employees. Discount rates are based on the

## SIGNIFICANT ACCOUNTING POLICIES (continued)

market yields of high quality corporate bonds. Actuarial gains and losses are recognized immediately through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. These benefits are unfunded. Severance benefits were discontinued as of March 31, 2018 and the payout of accumulated entitlements is substantially complete.

### Third-party recoveries

In certain circumstances, under Section 45 of the Act, WorkplaceNL 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, is paid to the worker or dependents. Amounts received from third-party recoveries are recorded in the year during which the settlement occurs. No provision is made in the benefit liability for possible future third-party recoveries due to their contingent nature.

### Reserves

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

In accordance with Section 116 (1) of the Act, WorkplaceNL 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 WorkplaceNL that it considers necessary.

## 4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of WorkplaceNL's financial statements are disclosed below. WorkplaceNL intends to adopt these standards, if applicable, when they become effective.

### IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. The overall objective of IFRS 17 is to provide a consistent accounting model for insurance contracts. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting

## STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The effective date of IFRS 17 has been deferred to annual reporting periods beginning on or after 1 January 2023. WorkplaceNL will adopt IFRS 17 on the effective date. WorkplaceNL is analyzing the impact of adopting the standard and expects that it will have a significant impact on its financial statements.

## 5. SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of WorkplaceNL's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic, which has resulted in a series of public health and emergency measures that have been put into place to combat the spread of the virus. As the COVID-19 pandemic continued into 2021, the potential impacts, including a global, regional or other economic recession, are uncertain and difficult to assess. Management considered the impact of COVID-19 in its assessment of the organization's assets and liabilities and its ability to continue as a going concern. Management has determined that WorkplaceNL continues to have sufficient liquid resources to manage operations through the next year.

### 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.

A variety of estimation techniques are used in performing the valuation. They are generally based on statistical analyses of historical experience, which assume the development pattern of the current claims will be consistent with past experience. Due to the nature of the estimated liabilities for latent occupational disease and



## SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

presumptive coverage for firefighters and the extent of historical information available, these liabilities by their nature are more uncertain than other benefit liabilities.

WorkplaceNL believes that the amount provided for benefit liabilities as at December 31, 2021, is adequate, recognizing that actuarial methods and assumptions as disclosed in note 17 may change over time to reflect underlying economic trends. Changes in assumptions could have a material impact on the benefit liabilities.

### Employee future benefits

A valuation of severance and accumulated annual leave liabilities is prepared using the assumptions disclosed in note 18.

Other disclosures relating to WorkplaceNL's exposure to risks and uncertainties includes:

- Level 3 investments Note 7
- Financial risk management Note 9
- Sensitivity analyses disclosures Notes 17 and 18

## 6. ACCOUNTS RECEIVABLE

| (thousands of dollars)                        | 2021            | 2020      |
|---|-----------------|-----------|
| Assessments                                   | <b>\$15,522</b> | \$ 28,801 |
| Accrued assessments                           | <b>(1,819)</b>  | (4,016)   |
| Less: Allowance for doubtful accounts         | <b>(3,314)</b>  | (3,137)   |
|   | <b>10,389</b>   | 21,648    |
| Prepaid Expenses                              | <b>2,685</b>    | 2,246     |
| Other   | <b>3,269</b>    | 3,114     |
| Less: Allowance for doubtful accounts - other | <b>(986)</b>    | (1,038)   |
|   | <b>4,968</b>    | 4,322     |
|   | <b>\$15,357</b> | \$25,970  |

### Aging of Assessment Receivable

| (thousands of dollars) |                  |                 |                |
|------------------------|------------------|-----------------|----------------|
| Year                   | Total            | Current <1 year | 1-2 years      |
| 2021                   | <b>\$ 10,389</b> | <b>\$7,098</b>  | <b>\$3,291</b> |
| 2020                   | \$ 21,648        | \$17,318        | \$4,330        |

## 7. INVESTMENTS

### Fair Value Hierarchy

| (thousands of dollars)    | 2021                | 2020         |
|---------------------------|---------------------|--------------|
| <b>Level 1</b>            |                     |              |
| Cash and cash equivalents | \$ 6,336            | \$ 5,374     |
| Domestic equities         | 259,486             | 262,776      |
| Foreign equities          | 692,257             | 653,244      |
|                           | <b>958,079</b>      | 921,394      |
| <b>Level 2</b>            |                     |              |
| Fixed term investments    | 451,408             | 450,619      |
| Real Estate Funds         | 206,195             | 145,532      |
|                           | <b>657,603</b>      | 596,151      |
| <b>Level 3</b>            |                     |              |
| Infrastructure            | 84,050              | 57,319       |
|                           | <b>\$ 1,699,732</b> | \$ 1,574,864 |

There have been no transfers between levels during 2021 [2020-Nil].

Summary of changes in level 3 fair value measurements:

| (thousands of dollars)                 | 2021             | 2020      |
|--|------------------|-----------|
| Balance, beginning of year             | \$ 57,319        | \$ 45,742 |
| Purchases of level 3 investments       | 16,819           | 11,179    |
| Interest and dividends                 | 2,566            | 1,267     |
| Expenses                               | (1,593)          | (279)     |
| Foreign exchange gains (losses)        | 267              | (73)      |
| Unrealized change in fair market value | 11,025           | (517)     |
| Balance, end of year                   | <b>\$ 86,402</b> | \$ 57,319 |

The level 3 investments consist of a limited partnership interest in a closed fund investing in global infrastructure assets with a market value of \$25.3 million (2020-\$11.3 million) with the balance of \$61.1 million in an open fund [2020-\$46.0 million]. These funds have no active market and no published net asset value as of December 31, 2021, and are therefore classified as level 3 investments in the fair value hierarchy. The closed partnership will dissolve on December 31, 2032. The general partner has the option to extend the fund's life for up to three additional one-year periods.

## 8. INVESTMENT INCOME

Investment income is comprised of the following:

| (thousands of dollars)                 | 2021       | 2020       |
|--|------------|------------|
| Interest and dividends                 | \$ 34,582  | \$ 28,672  |
| Realized gain on sale of investments   | 102,587    | 17,364     |
| Interest on short-term investments     | 77         | 86         |
| Unrealized change in fair market value | 65,394     | 63,294     |
| Investment income                      | \$ 202,640 | \$ 109,416 |

## 9. FINANCIAL RISK MANAGEMENT

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

### Credit risk

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. WorkplaceNL does not anticipate that any issuers will fail to meet their obligations. The credit ratings of WorkplaceNL's fixed term investments at December 31 are listed in the following table.

## 9. FINANCIAL RISK MANAGEMENT (continued)

| (thousands of dollars)  | 2021 |         | 2020  |                 |
|-------------------------|------|---------|-------|-----------------|
| <b>Credit Rating</b>    |      |         |       |                 |
| Cash & Short term notes | \$   | 13,516  | 3.0%  | \$ 19,401 4.3%  |
| AAA                     |      | 74,927  | 16.6% | 55,841 12.4%    |
| AA                      |      | 115,591 | 25.6% | 118,675 26.4%   |
| A                       |      | 53,988  | 12.0% | 73,803 16.4%    |
| BBB                     |      | 64,901  | 14.4% | 63,484 14.1%    |
| BB and below            |      | 42,147  | 9.3%  | 34,881 7.7%     |
| Foreign currency        |      | 1,425   | 0.3%  | 1,881 0.4%      |
| Mortgages               |      | 84,912  | 18.8% | 82,654 18.3%    |
|                         | \$   | 451,407 | 100%  | \$ 450,620 100% |

WorkplaceNL may also invest in short-term commercial debt or paper rated R1 in accordance with Dominion Bond Rating Service. 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%, at any given time, of WorkplaceNL's estimated annual cash receipts.

### 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. Investments denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the reporting date. Funds significantly invested in foreign denominated fixed-term investments manage their foreign exchange exposure through forward foreign exchange and future contracts. Hedge accounting has not been applied to hedging arrangements.

As at December 31, 2021, WorkplaceNL's holdings in foreign equities and direct investments had a market value of \$1.0 billion [2020 - \$780.5 million] representing 61.4% [2020 - 49.6%] of the market value of the total investment portfolio.

The table below presents the impact on comprehensive income of a 10% appreciation in the value of the Canadian dollar on the value of the portfolio.

| (thousands of dollars) | 2021      | 2020      |
|------------------------|-----------|-----------|
| CAD/US Dollar          | \$ 57,657 | \$ 44,310 |
| CAD/EURO               | 10,628    | 5,467     |
| CAD/British Pound      | 4,316     | 3,165     |
| CAD/Japanese Yen       | 3,801     | 3,919     |
| CAD/Swiss Franc        | 2,314     | 3,426     |
| CAD/Hong Kong Dollar   | 1,504     | 667       |

## 9. FINANCIAL RISK MANAGEMENT (continued)

### 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. WorkplaceNL 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.

The table below presents the impact on comprehensive income of changes in interest rates on the fixed income portfolio:

| (thousands of dollars)           | 2021             |                  | 2020      |           |
|----------------------------------|------------------|------------------|-----------|-----------|
| Change in nominal interest rates | +/-50bps         | +/-100bps        | +/-50bps  | +/-100bps |
| Impact on comprehensive income   | <b>\$ 14,968</b> | <b>\$ 30,502</b> | \$ 15,092 | \$ 29,659 |

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

| (thousands of dollars) | Remaining Term to Maturity |                  |                   |                   |                   |
|------------------------|----------------------------|------------------|-------------------|-------------------|-------------------|
| Fixed term Investments | Within 1 year              | 1 to 5 years     | 5 to 10 years     | 10+ years         | Total             |
| 2021 Fair Value        | <b>\$ 31,050</b>           | <b>\$ 59,314</b> | <b>\$ 104,163</b> | <b>\$ 102,421</b> | <b>\$ 296,948</b> |
| 2020 Fair Value        | \$ 33,206                  | \$ 88,183        | \$ 75,539         | \$ 105,849        | \$ 302,777        |

### Liquidity risk

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

### Equity price risk

Equity price 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. WorkplaceNL 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.



## 9. FINANCIAL RISK MANAGEMENT (continued)

The table below presents the impact on comprehensive income of a material change in the key risk variable measured as 1 or 2 standard deviations (std dev) of the sector benchmark, for each of the equity mandates in WorkplaceNL's equity portfolio.

| (thousands of dollars)       | 2021             |                   | 2020      |            |
|------------------------------|------------------|-------------------|-----------|------------|
| Equities                     | <b>1 std dev</b> | <b>2 std dev</b>  | 1 std dev | 2 std dev  |
| % Change in market benchmark | <b>13.8%</b>     | <b>27.6%</b>      | 13.6%     | 27.2%      |
| Canadian equity              | <b>\$ 31,938</b> | <b>\$ 56,966</b>  | \$ 32,279 | \$ 57,657  |
| % Change in market benchmark | <b>11.1%</b>     | <b>22.1%</b>      | 23.4%     | 46.9%      |
| All world equity             | <b>\$ 58,215</b> | <b>\$ 105,884</b> | \$ 58,707 | \$ 106,313 |

## 10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

WorkplaceNL has entered into leases for office premises with lease terms of five years with the option to renew for additional term of five years. The carrying amounts of the right-of-use assets recognized and movements during the period:

| <b>Right-of-Use Assets</b> |                 |          |
|----------------------------|-----------------|----------|
| (thousands of dollars)     | 2021            | 2020     |
| Balance, beginning of year | <b>\$ 1,819</b> | \$ 2,044 |
| Additions                  | -               | -        |
| Depreciation               | <b>(225)</b>    | (225)    |
| Balance, end of year       | <b>\$ 1,594</b> | \$ 1,819 |

The carrying amounts of lease liabilities and the movements during the period:

| <b>Lease Liabilities</b>   |                 |          |
|----------------------------|-----------------|----------|
| (thousands of dollars)     | 2021            | 2020     |
| Balance, beginning of year | <b>\$ 1,869</b> | \$ 2,061 |
| Additions                  | -               | -        |
| Interest                   | <b>71</b>       | 79       |
| Payments                   | <b>(271)</b>    | (271)    |
| Balance, end of year       | <b>\$ 1,669</b> | \$ 1,869 |

## 10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The table below represents the contractual undiscounted payments of WorkplaceNL's lease liabilities:

| (thousands of dollars) | Remaining Term to Maturity |              | Total    |
|------------------------|----------------------------|--------------|----------|
|                        | 1 to 5 years               | Over 5 years |          |
| Lease Liabilities      | \$ 1,355                   | \$ 566       | \$ 1,921 |

## 11. PROPERTY, PLANT AND EQUIPMENT

| (thousands of dollars)          | 2021            |                        |                |                 |
|---------------------------------|-----------------|------------------------|----------------|-----------------|
|                                 | Opening Balance | Additions/Depreciation | Disposals      | Closing Balance |
| <b>Cost</b>                     |                 |                        |                |                 |
| Land                            | \$ 3,000        | \$ -                   | \$ -           | \$ 3,000        |
| Buildings                       | 11,301          | 316                    | (606)          | 11,011          |
| Furniture & equipment           | 655             | 17                     | (72)           | 600             |
| Computer equipment              | 3,524           | 272                    | (322)          | 3,474           |
| <b>Total</b>                    | <b>18,480</b>   | <b>605</b>             | <b>(1,000)</b> | <b>18,085</b>   |
| <b>Accumulated Depreciation</b> |                 |                        |                |                 |
| Buildings                       | 7,640           | 183                    | (563)          | 7,260           |
| Furniture & equipment           | 473             | 40                     | (72)           | 441             |
| Computer equipment              | 2,765           | 273                    | (322)          | 2,716           |
| <b>Total</b>                    | <b>10,878</b>   | <b>496</b>             | <b>(957)</b>   | <b>10,417</b>   |
| <b>Net Book Value</b>           | <b>\$ 7,602</b> | <b>\$ 109</b>          | <b>\$ (43)</b> | <b>\$ 7,668</b> |

| (thousands of dollars)          | 2020            |                        |              |                 |
|---------------------------------|-----------------|------------------------|--------------|-----------------|
|                                 | Opening Balance | Additions/Depreciation | Disposals    | Closing Balance |
| <b>Cost</b>                     |                 |                        |              |                 |
| Land                            | \$ 3,000        | \$ -                   | \$ -         | \$ 3,000        |
| Buildings                       | 11,062          | 239                    | -            | 11,301          |
| Furniture & equipment           | 641             | 14                     | -            | 655             |
| Computer equipment              | 3,484           | 381                    | (341)        | 3,524           |
| <b>Total</b>                    | <b>18,187</b>   | <b>634</b>             | <b>(341)</b> | <b>18,480</b>   |
| <b>Accumulated Depreciation</b> |                 |                        |              |                 |
| Buildings                       | 7,468           | 172                    | -            | 7,640           |
| Furniture & equipment           | 428             | 45                     | -            | 473             |
| Computer equipment              | 2,802           | 304                    | (341)        | 2,765           |
| <b>Total</b>                    | <b>10,698</b>   | <b>521</b>             | <b>(341)</b> | <b>10,878</b>   |
| <b>Net Book Value</b>           | <b>\$ 7,489</b> | <b>\$ 113</b>          | <b>\$ -</b>  | <b>\$ 7,602</b> |

## 12. INTANGIBLE ASSETS

| (thousands of dollars)             | Cost             | Accumulated<br>Amortization | Net Book<br>Value |
|------------------------------------|------------------|-----------------------------|-------------------|
| Balance at January 1, 2020         | \$ 34,915        | \$ (20,506)                 | \$ 14,409         |
| Additions                          | 2,614            | -                           | 2,614             |
| Disposals                          | (7)              | 7                           | -                 |
| Amortization                       | -                | (2,464)                     | (2,464)           |
| Balance at December 31, 2020       | <b>\$ 37,522</b> | <b>\$ (22,963)</b>          | <b>\$ 14,559</b>  |
| Additions                          | 985              | -                           | 985               |
| Disposals                          | (5,652)          | 5,415                       | (237)             |
| Amortization                       | -                | (2,600)                     | (2,600)           |
| Closing balance, December 31, 2021 | <b>\$ 32,855</b> | <b>\$ (20,148)</b>          | <b>\$ 12,707</b>  |

Intangible assets include \$923,137 [2020 - \$1,837,911] related to internally developed software which is not yet available for use.

## 13. SHORT-TERM BORROWING

In 2020, WorkplaceNL deferred its collection of assessments and waived interest and penalties to August 31, 2020 as a result of the COVID-19 pandemic. Employers were given the option to avail of interest-free payment plans that ran from September 2020 to March 2021.

Approval was granted to WorkplaceNL by the Department of Finance, under section 10(1)(c) of the Act, for an increase of its Line of Credit from \$20 million to \$80 million, effective to March 31, 2021. This was to provide additional working capital to bridge the period during which collection of assessments was deferred.

The credit facility is unsecured and was utilized during 2020 to the amount of \$46 million; of which \$20 million was outstanding at December 31, 2020.

There was no outstanding short-term borrowing at December 31, 2021.

## 13. FEES AND INTEREST

Fees and interest are comprised of the following:

| (thousands of dollars)         | 2021            | 2020     |
|--------------------------------|-----------------|----------|
| Fund managers' investment fees | <b>\$ 7,122</b> | \$ 6,604 |
| Banking fees                   | <b>84</b>       | 388      |
| Lease liabilities              | <b>71</b>       | 79       |
| Interest paid to claimants     | <b>8</b>        | 35       |
| Fees and interest, net         | <b>\$7,285</b>  | \$ 7,106 |

#### 14. FEES AND INTEREST (continued)

WorkplaceNL has established an operating line of credit with its banker in the amount of \$20 million for 2021 (\$80 million for 2020). Advances on the line of credit bear interest at the bank's prime interest rate less 50 basis points. The credit facility is unsecured and \$18.0 million was utilized during 2021 (\$78 million for 2020).

#### 15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| (thousands of dollars)           | 2021      | 2020      |
|----------------------------------|-----------|-----------|
| Accounts payable                 | \$ 6,138  | \$ 5,118  |
| PRIME program                    | 10,718    | 9,825     |
| Amounts due to employees         | 1,157     | 975       |
| Credit balances due to employers | 2,696     | 2,731     |
|                                  | \$ 20,709 | \$ 18,649 |

#### 16. ASSESSMENTS REVENUE

| (thousands of dollars)                    | 2021       | 2020       |
|---|------------|------------|
| Assessments                               | \$ 145,166 | \$ 133,603 |
| Assessment reporting penalties & interest | 785        | 435        |
| PRIME refunds                             | (1,802)    | (2,604)    |
| Total assessment revenue                  | \$ 144,149 | \$ 131,434 |

## 17. BENEFIT LIABILITIES AND CLAIMS COSTS

|                            | 2021                  |                      |                   |             |                |                    | 2020        |
|----------------------------|-----------------------|----------------------|-------------------|-------------|----------------|--------------------|-------------|
|                            | Short-term disability | Long-term disability | Survivor benefits | Health care | Rehabilitation | Future Admin. Cost | Total       |
| Balance, beginning of year | \$107,748             | \$625,481            | \$48,303          | \$346,943   | \$5,671        | \$119,085          | \$1,253,231 |
| Add:                       |                       |                      |                   |             |                |                    |             |
| Claims costs incurred:     |                       |                      |                   |             |                |                    |             |
| Current-year injuries      | 45,780                | 31,548               | 966               | 24,153      | 1,763          | 8,888              | 113,098     |
| Interest expense           | 4,809                 | 32,706               | 2,486             | 18,223      | 297            | 6,145              | 64,666      |
|                            | 50,589                | 64,254               | 3,452             | 42,376      | 2,060          | 15,033             | 177,764     |
| Deduct:                    |                       |                      |                   |             |                |                    |             |
| Claims payments:           |                       |                      |                   |             |                |                    |             |
| Current-year injuries      | 12,351                | 346                  | 97                | 6,759       | 3              | -                  | 19,556      |
| Prior years' injuries      | 41,161                | 62,487               | 6,272             | 31,663      | 544            | 14,923             | 157,050     |
|                            | 53,512                | 62,833               | 6,369             | 38,422      | 547            | 14,923             | 176,606     |
| Actuarial adjustments:     |                       |                      |                   |             |                |                    |             |
| Claims experience          | 13,216                | 16,768               | (826)             | (21,180)    | (971)          | 736                | 7,743       |
| Inflation variance         | -                     | 5,544                | 463               | -           | -              | 631                | 6,638       |
| Methods & Assumptions      | 1,025                 | 7,200                | 731               | 8,644       | 54             | 1,854              | 19,508      |
| Other gains/losses         | 1,261                 | 2,908                | (402)             | (2,110)     | 66             | 180                | 1,903       |
| Sub-total                  | 15,502                | 32,420               | (34)              | (14,646)    | (851)          | 3,401              | 35,792      |
| Balance, end of year       | \$120,327             | \$659,322            | \$45,352          | \$336,251   | \$6,333        | \$122,596          | \$1,290,181 |



## 17. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)

### Claims Development

The table that follows presents the development of the estimated ultimate cost of claims and claim payments for accident years 2012-2021. The top part of the table illustrates how the estimate of total claims benefits for each accident year has changed with more experience over succeeding year-ends. It shows the estimated cost of claims for an accident year in the year of accident, one year after the year of accident, two years after the year of accident, and so on and compares the total estimated cost to the actual cumulative payments over the development period. Due to the extremely long duration of many WorkplaceNL benefits, significant amounts may be paid out in the distant future beyond the valuation date. The bottom part of the table reconciles the total outstanding benefits amount to the discounted amount reported in the statement of financial position.

|   | (thousands of dollars) |           |           |           |           |           |           |           |           |           |                     |       |
|---|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------------|-------|
| Accident Year                                   | 2012                   | 2012      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2021                | Total |
| <b>Estimate of cumulative claims:</b>           |                        |           |           |           |           |           |           |           |           |           |                     |       |
| At end of accident year                         | \$144,027              | \$145,724 | \$148,559 | \$140,967 | \$141,515 | \$144,998 | \$134,992 | \$155,063 | \$146,635 | \$137,143 |                     |       |
| One year later                                  | 133,667                | 135,006   | 143,550   | 131,833   | 130,872   | 134,716   | 142,027   | 162,441   | 143,336   |           |                     |       |
| Two years later                                 | 124,611                | 127,225   | 133,860   | 137,731   | 138,611   | 138,638   | 145,829   | 170,243   |           |           |                     |       |
| Three years later                               | 130,087                | 126,041   | 138,166   | 137,169   | 138,831   | 138,861   | 145,769   |           |           |           |                     |       |
| Four years later                                | 120,460                | 128,066   | 135,706   | 138,417   | 137,558   | 152,438   |           |           |           |           |                     |       |
| Five years later                                | 122,008                | 124,118   | 134,239   | 135,566   | 143,128   |           |           |           |           |           |                     |       |
| Six years later                                 | 121,654                | 125,689   | 133,962   | 133,666   |           |           |           |           |           |           |                     |       |
| Seven years later                               | 124,662                | 125,258   | 134,031   |           |           |           |           |           |           |           |                     |       |
| Eight years later                               | 124,447                | 123,335   |           |           |           |           |           |           |           |           |                     |       |
| Nine years later                                | 124,836                |           |           |           |           |           |           |           |           |           |                     |       |
| <b>Estimate of cumulative claims</b>            | 124,836                | 123,335   | 134,031   | 133,666   | 143,128   | 152,438   | 145,769   | 170,243   | 143,336   | 137,143   | 1,407,925           |       |
| <b>Cumulative payments</b>                      | (69,246)               | (70,161)  | (72,011)  | (68,850)  | (68,583)  | (65,571)  | (62,319)  | (62,863)  | (42,255)  | (18,769)  | (600,628)           |       |
| <b>Estimate of future Payments</b>              | 55,590                 | 53,174    | 62,019    | 64,817    | 74,545    | 86,867    | 83,450    | 107,380   | 101,081   | 118,374   | 807,297             |       |
| <b>2011 and prior years</b>                     |                        |           |           |           |           |           |           |           |           |           | 870,211             |       |
| Effect of discounting                           |                        |           |           |           |           |           |           |           |           |           | (637,343)           |       |
| Occupational disease                            |                        |           |           |           |           |           |           |           |           |           | 93,615              |       |
| Firefighter Presumptive Coverage                |                        |           |           |           |           |           |           |           |           |           | 33,805              |       |
| Claims Administration                           |                        |           |           |           |           |           |           |           |           |           | 122,596             |       |
| <b>Benefit Liabilities at December 31, 2021</b> |                        |           |           |           |           |           |           |           |           |           | <b>\$ 1,290,181</b> |       |

## 17. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)

The table below lists the principal assumptions used in the valuation of the benefits liabilities.

|  | 2021               |                | 2020               |                |
|--|--------------------|----------------|--------------------|----------------|
|  | CPI-Indexed awards | Other payments | CPI-Indexed awards | Other payments |
| Gross rate of return / Discount Rate                   | 5.25%              | 5.25%          | 5.50%              | 5.50%          |
| Inflation Year 1                                       | 1.50%              | 2.00%          | 1.50%              | 2.00%          |
| Inflation Year 2                                       | 4.00%              | 2.00%          | 2.00%              | 2.00%          |
| Inflation later years                                  | 2.00%              | 2.00%          | 2.00%              | 2.00%          |
| Net rate of return year 1                              | 3.75%              | 3.25%          | 4.00%              | 3.50%          |
| Net rate of return year 2                              | 1.25%              | 3.25%          | 3.50%              | 3.50%          |
| Net rate of return later years                         | 3.25%              | 3.25%          | 3.50%              | 3.50%          |
| Occupational disease Presumptive firefighters coverage | 9.00%              | 9.00%          | 9.00%              | 9.00%          |
| Future administration                                  | 3.25%              | 3.25%          | 3.25%              | 3.25%          |
|  | 10.50%             | 10.50%         | 10.50%             | 10.50%         |

A description of the processes used to determine these assumptions is provided below:

### General statement

Benefit liabilities are valued based on the primary assumption that the system will be in operation for the long term. Economic assumptions are formulated to be consistent with the funding and investment policies adopted by the Board. Demographic assumptions are chosen to reflect WorkplaceNL's underlying experience and are updated over time as enough experience is available to suggest an underlying trend, rather than statistical fluctuations.

### Gross rate of return / Discount rate

The gross rate of return represents the best estimate of the long-term average rate of return that can be expected based on the benchmark asset allocation adopted by WorkplaceNL through its Long-term Investment Policy. The weighted average real rate of return is compounded by the long-term expected average inflation rate to obtain the gross rate of return.

### Inflation

The indexation rate for year one is known at the time of the valuation. WorkplaceNL calculates the change in the Consumer Price Index (CPI) for the 12 month period July – June, over the previous 12-month period July – June, and any resulting increase is applied beginning in January of the following year to dependency benefits, extended

## 17. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)

earnings loss benefits and maximum compensable earnings and assessable earnings, pursuant to the Act. The inflation rate assumption for later years is management best estimate, consistent with the range of accepted actuarial practice for workers' compensation organizations in Canada.

### Net rate of return

The net rate of return is the result of removing the inflation assumption from the gross rate of return.

### Mortality

The mortality rates used in the valuation of the benefit liabilities are based on general population experience, since actual injured worker mortality data is inadequate to develop a reliable assumption. The current valuation is based on the Newfoundland Life Table 2014-16 from Statistics Canada.

### Occupational disease

The liability for occupational disease is intended to provide a reasonable allowance for future claims for known occupational diseases which arise from past workplace exposures. An actuarial study of WorkplaceNL's occupational disease exposure is conducted periodically, focussing on long latency claims related to cancers, respiratory illnesses and hearing loss. These categories comprise the majority of long latency occupational disease claims accepted by WorkplaceNL. The most recent study was conducted in 2019 and concluded that reasonable range would be 8.3%-10.5% of the benefit liability. WorkplaceNL has included a provision of 9.0% of the benefit liability for latent occupational disease [2020 – 9%].

### Presumptive coverage for firefighters

The Government of Newfoundland and Labrador enacted legislation to provide presumptive coverage for certain cancers for the province's career and volunteer firefighters. An actuarial study conducted in 2016 concluded a reasonable estimate would be 3.25% of the benefit liability.

### Future administration

The future administration liability is intended to provide a reasonable allowance for the management of claims, including compensation for lost wages and paying for health care services over the life of the claim. A detailed analysis of administration costs is performed periodically and an estimate made of the proportion attributable to the management of claims, including a proportionate share of overhead costs. WorkplaceNL updated its analysis in 2017 and concluded that an allowance of 10.5% of the benefit liability was reasonable (2020 – 10.5%).

### Sensitivity of insurance risk

In determining WorkplaceNL's benefit liabilities, a primary risk is that the actual benefit payments may exceed the amount estimated in determining the liabilities, particularly with

## 17. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)

potentially long claims run-off periods. The table below shows the sensitivity of benefit liabilities and claims costs to changes in the key economic assumptions.

(millions of dollars)

| 1% Change in assumption        | Impact   | Benefit Liabilities | Claims Costs |
|--------------------------------|----------|---------------------|--------------|
| Decrease discount rate         | Increase | \$ 100.8            | \$ 6.3       |
| Increase inflation rate        | Increase | \$ 38.7             | \$ 2.9       |
| Increase health care inflation | Increase | \$ 54.4             | \$ 1.6       |

### Claims risk

WorkplaceNL has an objective to manage claims risk, which can lead to significant variability in the loss experience due to its inherent uncertainty. Performance from operations is also significantly affected by external factors.

Insurance risk associated with the volume and cost of claims is addressed through prevention and proactive claims management. The Prevention Strategy focuses attention on workplace risks that lead to the highest frequency of claims. WorkplaceNL provides a Priority Employer Program to assist employers with high claims and costs, and invests in educating young workers, developing safety associations at the industry level, and delivering safety education to employers and workers to control workplace risks. The Early and Safe Return-to-Work process facilitates recovery at work and helps manage claim costs. In addition, the rate setting model provides incentives to employers through the PRIME program to manage injuries and work to prevent future injuries.

## 18. EMPLOYEE FUTURE BENEFITS

### **Public Service Pension Plan**

WorkplaceNL's contributions to the PSPP of \$2,354,300 [2020 - \$2,384,900] are included in administration expenses and have been expensed as incurred. The expected contributions to the PSPP in 2022 are \$2,450,000.

### **Severance payments and annual leave**

Cash payments for annual leave were \$23,000 [2020 - \$27,000] and severance were \$0 [2020 - \$65,000]. The weighted average time to expected benefit payment is 11.0 years [2020 - 11.0].

## 18. EMPLOYEE FUTURE BENEFITS (continued)

| (thousands of dollars)                        | 2021     | 2020     |
|---|----------|----------|
| Accrued benefit obligation, beginning of year | \$ 1,656 | \$ 1,354 |
| Current service cost                          | 18       | 258      |
| Past service cost                             | -        | -        |
| Interest cost                                 | 40       | 29       |
| Benefit expense                               | 58       | 287      |
| Actuarial loss (gain)                         | 30       | 107      |
| Benefits paid                                 | (23)     | (92)     |
| Accrued benefit obligation, end of year       | \$ 1,721 | \$ 1,656 |

The significant actuarial assumptions used in measuring the accrued benefit obligation and benefit expense are as follows:

|  | 2021  | 2020  |
|--|-------|-------|
| Discount rate – benefit cost               | 3.00% | 3.00% |
| Discount rate – accrued benefit obligation | 2.80% | 2.20% |
| Rate of compensation increase              | 3.00% | 3.00% |

The table below shows the sensitivities of the accrued benefit obligation to a 25 basis point change in the key assumptions:

| (thousands of dollars)        | Increase | Decrease |
|-------------------------------|----------|----------|
| Discount Rate                 | \$ (31)  | \$ 32    |
| Rate of compensation increase | \$ 32    | \$ (31)  |

## 19. ADMINISTRATION

| (thousands of dollars)                | 2021      | 2020      |
|---------------------------------------|-----------|-----------|
| Salaries and employee benefits        | \$ 28,609 | \$ 29,625 |
| Office and communications             | 2,557     | 2,425     |
| Professional fees                     | 1,246     | 1,426     |
| Building operations                   | 715       | 701       |
| Travel and vehicle operating          | 46        | 99        |
|                                       | 33,173    | 34,276    |
| Less: Claims administration [note 17] | 14,923    | 14,360    |
|                                       | \$ 18,250 | \$ 19,916 |

## 20. LEGISLATED AND OTHER OBLIGATIONS

WorkplaceNL is required by legislation to fund the operating costs of the Occupational, Health and Safety Division of ServiceNL in delivering their occupational health and safety mandate, and all of the costs of the Workplace Health, Safety and Compensation Review Division and Statutory Reviews that take place approximately every five years.

WorkplaceNL is required to fund the operating costs of the employer and worker advisors. Total expenses incurred by WorkplaceNL for legislated obligations are detailed below:

| (thousands of dollars)                                    | 2021            | 2020            |
|---|-----------------|-----------------|
| Service NL  | <b>\$ 4,570</b> | \$ 4,733        |
| Workplace Health, Safety and Compensation Review Division | <b>1,389</b>    | 1,499           |
| Employer and Worker Advisors                              | <b>1,019</b>    | 1,020           |
| Statutory Review  | <b>97</b>       | 75              |
|   | <b>\$ 7,075</b> | <b>\$ 7,327</b> |

## 21. OTHER EXPENSES

Other expenses in 2021 include \$2,916,600 information systems projects cost related to software as a service (2020 - \$0).

| (thousands of dollars)       | 2021            | 2020          |
|------------------------------|-----------------|---------------|
| Sector advisors and grants   | <b>\$ 858</b>   | \$ 780        |
| Bad debt (recovery)          | <b>215</b>      | (37)          |
| Information systems projects | <b>3,068</b>    | 28            |
|                              | <b>\$ 4,141</b> | <b>\$ 771</b> |

## 22. RESERVES

As provided by legislation, WorkplaceNL maintains a reserve for funding studies, projects and research relating to the enhancement of occupational health and safety in the workplace. During 2021, \$6,052 was charged to the reserve [2020 - \$108,110] and \$1,000,000 was allocated to the reserve in accordance with Section 116 of the Act.

## 23. RELATED PARTY TRANSACTIONS

These financial statements include amounts resulting from normal operating transactions with various provincial government departments, agencies, and Crown corporations with which WorkplaceNL may be considered related. The provincial government is also a self-



### 23. RELATED PARTY TRANSACTIONS (continued)

insured employer, and account balances resulting from these transactions are included in the financial statements and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

The amounts included on the statements of operations and cashflows for the Province of Newfoundland and Labrador are as follows:

| (thousands of dollars) | 2021           | 2020    |
|------------------------|----------------|---------|
| Claims costs           | <b>\$4,133</b> | \$3,650 |
| Administration charges | <b>714</b>     | 735     |
|                        | <b>\$4,847</b> | \$4,385 |

WorkplaceNL has identified the Board of Directors and Senior Management team as related parties. The Senior Management team includes the Chief Executive Officer, Chief Financial and Information Officer, Vice President Prevention and Workplace Services, General Counsel and Corporate Secretary, and four other senior staff members. Compensation related to these parties is shown below:

| (thousands of dollars) | 2021      |                 | 2020   |          |
|------------------------|-----------|-----------------|--------|----------|
|                        | Number    | Total           | Number | Total    |
| Board of Directors     |           |                 |        |          |
| Salary and Benefits    | <b>10</b> | <b>\$ 78</b>    | 10     | \$ 82    |
| Senior Management      |           |                 |        |          |
| Salary and Benefits    | <b>8</b>  | <b>\$ 1,096</b> | 9      | \$ 1,600 |
| Annual leave           |           | <b>\$ 36</b>    |        | \$ 78    |

### 24. CAPITAL MANAGEMENT

The objective of WorkplaceNL'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. WorkplaceNL's funded position is defined by the relationship of total assets to total liabilities and reserves. At December 31, 2021 the funded ratio was 132.3% [2020 – 125.5%]. The Fund balance consists of accumulated net operating surplus, accumulated other comprehensive income and the occupational health, safety and research reserve.

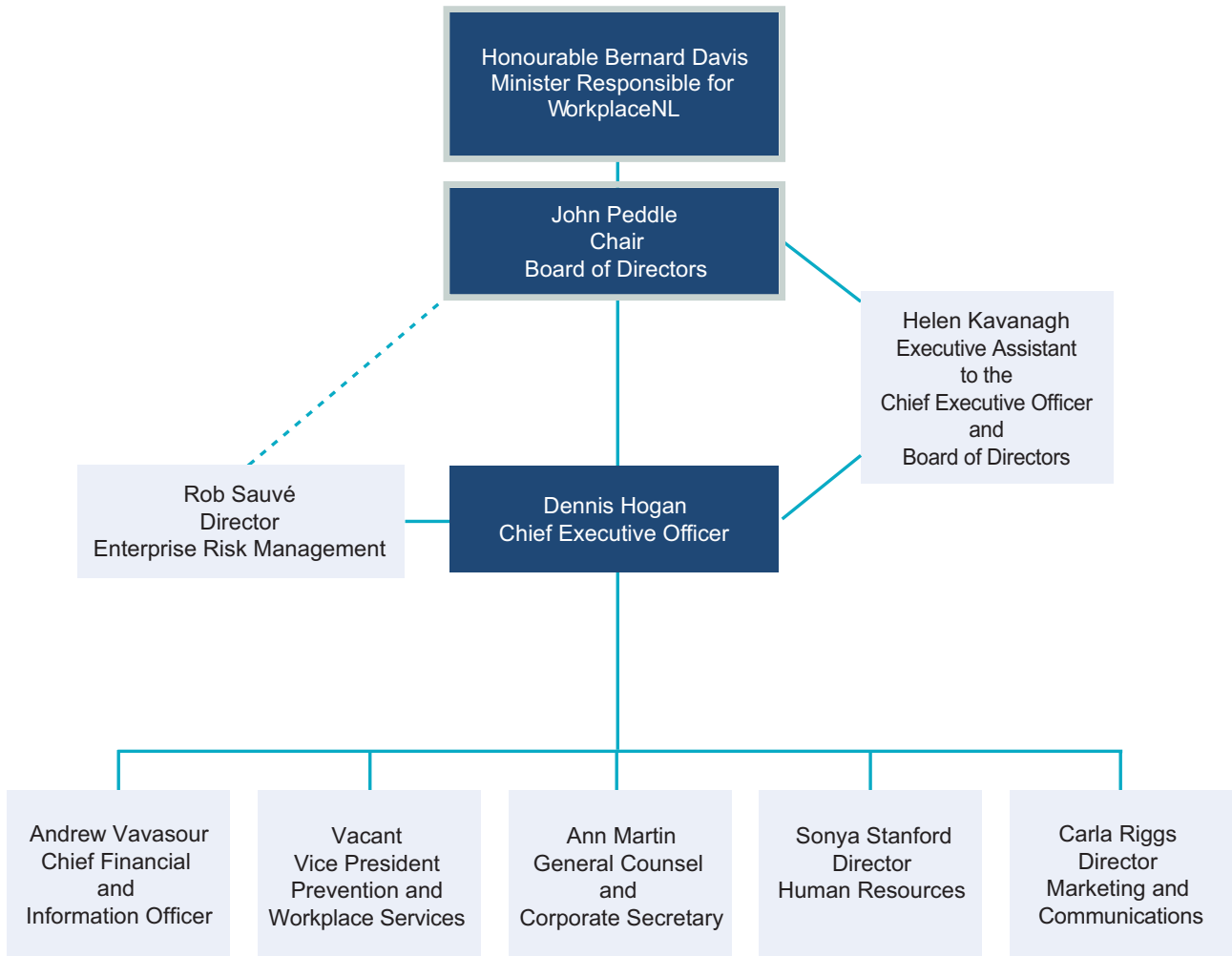
The Board of Directors has established a funding target of total assets equal to 110% of total liabilities. When the funded ratio is less than 100% or more than 120%, WorkplaceNL will adjust subsequent years assessment rates paid by employers to achieve the funding target over a fifteen-year period. A 21 cent rate discount has been in place since 2019.

## 24. CAPITAL MANAGEMENT (continued)

### Funded Position

| (thousands of dollars)  | 2021               | 2020         |
|-------------------------|--------------------|--------------|
| Total assets            | <b>\$1,744,384</b> | \$ 1,629,012 |
| Less: Total liabilities | <b>1,314,280</b>   | 1,295,405    |
| Funded position         | <b>\$ 430,104</b>  | \$ 333,607   |
| Reserves                | <b>\$ 4,047</b>    | \$ 3,053     |
| Funded ratio            | <b>132.3%</b>      | 125.5%       |

# Organizational Chart



# WorkplaceNL

Health | Safety | Compensation

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## St. John's Office

146-148 Forest Road, P.O. Box 9000, St. John's, NL A1A 3B8

t 709.778.1000 f 709.738.1714 t 1.800.563.9000

## Grand Falls-Windsor Office

26 High Street, P.O. Box 850, Grand Falls-Windsor, NL A2A 2P7

t 709.489.1600 f 709.489.1616 t 1.800.563.3448

## Corner Brook Office

Suite 201B, Millbrook Mall, 2 Herald Avenue, P.O. Box 474, Corner Brook, NL A2H 6E6

t 709.637.2700 f 709.639.1018 t 1.800.563.2772

email: [info@workplacenl.ca](mailto:info@workplacenl.ca)

[workplacenl.ca](http://workplacenl.ca)