

Improving quality of life through
safe and healthy workplaces and
support for our clients.

WorkplaceNL

Health | Safety | Compensation



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ANNUAL PERFORMANCE REPORT 2022

WorkplaceNL

Health | Safety | Compensation

This document is available in alternate formats upon request.

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Message from the Board Chair

On behalf of the Board of Directors, I present WorkplaceNL's 2022 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.

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

In this report, we present our achievements and outcomes for 2022 objectives as well as our three-year goals as 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).

Throughout the COVID-19 pandemic, we supported employers and ensured that injured workers continued to receive benefits. In 2022, we continued to leverage technology to evolve how we serve clients and how we work. We developed or added more online services in MyWorkplaceNL for injured workers, employers as well as health care and training providers. We also expanded our existing work options by introducing a hybrid remote work program for our employees.

We are making positive changes to the workers' compensation system by implementing recommendations from the most recent statutory review, while striking a balance to benefit both employers and workers. We continue to provide progress updates to the Minister responsible for WorkplaceNL.

We commit to ensuring that the employer-funded, no-fault workplace injury compensation system can provide benefits to injured workers for years to come. Our continued efforts to support injured workers as they return to, or recover at work where medically possible, is helping mitigate the impact of rising claims costs on the system and helping workers get back to doing the things they enjoy.

At December 31, 2022, the Injury Fund was 116.2 per cent funded, down from 132.3 per cent the prior year. The average assessment rate paid by employers was \$1.90, reduced by \$0.21 to \$1.69 to return the funded ratio to the desired operating range. The lost-time injury rate was 1.5 per 100 workers, the same as the prior year.

I thank all workers, employers and stakeholders, along with WorkplaceNL employees and management, for their contributions to build a strong safety culture in our province. There is more to do, and I look forward to continued collaboration with all of our partners as we progress together.

A handwritten signature in black ink that reads "John Peddle". The signature is fluid and cursive, with the first name being more prominent.

John Peddle, ICD.D

Chair, Board of Directors, WorkplaceNL

Overview

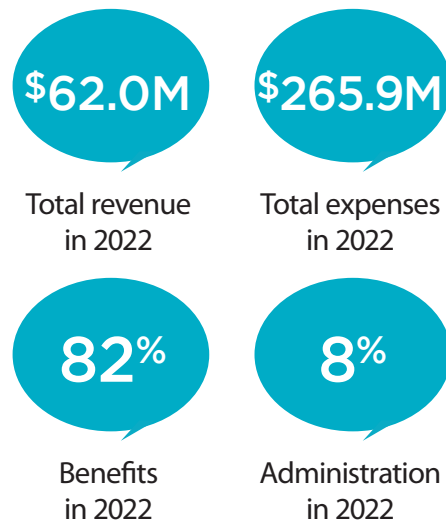
WorkplaceNL administers Newfoundland and Labrador's mandatory, no-fault workers' compensation system. We promote safe and healthy workplaces, as well as provide return-to-work programs and benefits to injured workers and their dependents. The system is funded by assessments collected from employers and investment returns.

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 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 all levels of government or any special interest group.

Each year, we serve approximately 17,500 employers and 230,000 workers throughout Newfoundland and Labrador. As of December 31, 2022, our 323 employees were located in three offices: St. John's (280 employees), Grand Falls-Windsor (16 employees) and Corner Brook (27 employees); with 84 per cent female and 16 per cent male.

In 2022, our \$62.0 million in total revenue included \$150.3 million in assessment revenue from employers, \$91.1 million in investment loss, and \$2.8 million in third party recoveries and administrative fees paid by self-insured employers and third-party reimbursements.



Our total expenses in 2022 were \$265.9 million. Benefits for injured workers were the most significant component of our expenses, which comprised 82 per cent of expenses, while administration expenses were approximately 8 per cent. The Injury Fund remained fully-funded at 116.2 per cent.

Vision

The vision of WorkplaceNL is of safe and healthy workplaces within a sustainable insurance system which reduces the impact of workplace injuries by providing fair and adequate benefits to injured workers and the highest level of services to all workers and employers.

Mandate

Under the authority of the Act, WorkplaceNL:

- Promotes workplace health and safety in order to prevent and reduce workplace injury and illness.
- Strives to ensure injured workers receive the best care possible and the benefits to which they are entitled.
- Facilitates injured workers' recovery, and early and safe return to work.
- Administers an employer classification and assessment system.
- Ensures adequate funding for services through sound financial management.

Lines of Business

1. Education on the prevention of workplace injury, illness and occupational disease

WorkplaceNL provides workplace health and safety education, as well as injury, illness and occupational disease prevention initiatives. Specifically, we:

- Promote public awareness of, and foster commitment to, workplace health and safety.
- Educate and provide advice to employers, workers, and others about workplace health and safety.
- Promote and fund workplace health and safety research.
- Develop training standards for certification under the Occupational Health and Safety Act, certify people who meet these standards and approve training programs for certification.

- Promote the importance of health and safety education and training, and develop strategic partnerships, as appropriate, in its delivery.
- Collaborate with and make recommendations respecting workplace health and safety to the OHS Division of the Department of Digital Government and Service NL.

2. Claims management for injured workers

WorkplaceNL proactively manages all aspects of an injured worker's claim relating to workplace injury, illness or occupational disease. Specifically, we:

- Register injured workers' claims and determine their entitlement to benefits, such as wage loss, health care and retirement benefits.
- Provide active case management, focusing on what they can do to remain active in their workplace as they recover, when medically appropriate.
- Deliver appropriate programs to injured workers, such as early and safe return-to-work (ESRTW) and labour market re-entry.
- In the case of a fatality due to a workplace incident or an occupational disease, provide benefits to dependents of the deceased worker.

3. Employer assessments (no-fault compensation coverage)

The Act requires employers performing work in the province to register with WorkplaceNL and pay assessments for workplace injury coverage for their workers. Under this line of business, we:

- Register employers.
- Administer and monitor employer payroll reporting.
- Set assessment rates.
- Collect and audit payroll.

The assessment revenue collected from employers is used to pay the cost of injured workers' claims and associated costs to administer the workers' compensation system.

These lines of business are supported by corporate departments with specialized knowledge which provide organization-wide support.

Board Governance

In accordance with the Act, the Board of Directors (the Board) consists of ten members appointed by the Lieutenant-Governor in Council, including the chair and representatives of workers, employers and the public. Members may continue to serve when their term expires until the next appointment begins.

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, 2022, the Board 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 June 3, 2025)

Anne Fagan (term expires June 3, 2025)

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

Non-voting members

Dennis Hogan, Chief Executive Officer, WorkplaceNL

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

At a Glance	2022	2021	2020	2019	2018
Injury Rate¹	1.5	1.5	1.4 ²	1.6	1.6 ³
Soft-tissue Injury Rate⁴	1.0	1.1	1.1	1.1	1.0
Total New Claims⁵	4,760	4,407	4,302	5,397	5,255
Short-term Disability Claims	3,540	3,259	3,106	3,720	3,552
Health Care Only Claims	1,190	1,130	1,161	1,651	1,697
Accepted Fatality Claims	30	18	35	26	36
Accidents	8	3	13	10	4
Occupational Disease	22	15	22	16	32
Hearing Loss Claims⁶	248	162	163		
Claims Denied⁷	332				
Short-term Claims Duration (days)⁸	42	50	54	45	40
Average Assessment Rate (\$)⁹	1.69	1.69	1.69	1.69	1.90
Registered Employer Accounts	17,355	17,537	17,680	17,931	18,402
Employer Assessments (\$ million)	150.3	144.1	131.4	128.4	144.7
Claims Costs (\$ million)¹⁰	195.0	177.8	176.5	183.1	160.9
Fund Balance (\$ million)	226.2	430.1	333.6	301.8	237.5
Funded Ratio (%)	116.2	132.3	125.5	123.4	119.5

The data presented above represents a point in time. Therefore, data reported in other sources may differ as updates may occur if further claim decisions are made.

For more financial and operational statistics, please refer to the Management Discussion and Analysis and the 2022 Financial Statements in this document or our [website](#).

1. The injury rate is the number of lost-time claims per 100 workers employed.
2. The 2020 injury rate has been restated to 1.4 from 1.5, due to Statistics Canada's rebased provincial employment levels.
3. The 2018 injury rate was reported as 1.5 in the 2020 Annual Performance Report in error. The actual rate was 1.6.
4. The soft-tissue injury rate is the number of soft-tissue injury claims per 100 workers employed.
5. The total number of new claims includes:
 - a. Short-term disability claims: the number of new claims reported, accepted and paid up to March 31 of the following calendar year.
 - b. Health care only claims (i.e., no lost time from work): the number of new claims reported, accepted and paid up to March 31 of the following calendar year.
 - c. Fatality claims: the number accepted in the calendar year.
6. WorkplaceNL began including the number of hearing loss claims in the 2020 Annual Performance Report. This is a subset of the reported lost-time or health care only claims.
7. WorkplaceNL began reporting denied claims in the 2022 Annual Performance Report. They include all adjudicated lost-time, health care only and recurrence claims considered to not be work-related, up to March 31 of the following calendar year.
8. Short-term claims duration is the average number of days for which temporary earnings loss benefits are paid for injuries occurring in the same reference year.
9. The average assessment rate is per \$100 of payroll. It is a provisional rate established before the start of the year based on cost estimates charged to employers. The rates for 2019-22 include the \$0.21 discount.
10. Claims costs include current year payments plus expected future payments for all injuries occurring and accepted in the year, excluding actuarial adjustments.

Highlights and Partnerships

Refreshing our values

In 2022, we took time to reflect on our organization's purpose and values, and redefine who we are and who we aspire to be.

Within the framework of the Meredith Principles and the Act, our purpose is to improve quality of life through safe workplaces and support for our clients. To achieve this, our new values are: accountability, respect, integrity, service, excellence and safety.

These are our commitments to our clients, and to each other as employees.

Research projects

We approved funding for two projects under our Research Initiatives Program in 2022:

1. New graduate nurses' experiences with and perceptions of their mental health and well-being during the COVID-19 pandemic: an interpretive descriptive study – Memorial University of Newfoundland and Labrador.
2. Harnessing artificial intelligence to increase workplace safety – Canadian Homebuilders' Association Newfoundland and Labrador.

Final reports for these and previously approved research projects are posted to our website as they are available, visit:

<https://workplacnl.ca/about/research/>.

More highlights

Other highlights from 2022 include:

- Launched our Safety Leadership Awards to recognize both employers and workers who demonstrate a visible commitment to workplace health and safety. Labatt Brewery and Ryan Gibbons of BDP Rentals & Contracting Inc. were the first recipients.
- Hosted a Health and Safety Learning Symposium, for over 350 in-person and virtual participants, after a pause of this event due to the pandemic.
- Offered occupational health and safety (OHS) education using a variety of methods:
 - Made webinars available on demand, resulting in almost 130 views (new in 2022).
 - Delivered 263 presentations to 6,875 participants (2021: 190 presentations to 4,493 participants).
 - Delivered 101 webinars to 2,166 participants (2021: 131 webinars to 3,135 participants).
 - Published 12 podcasts which were played nearly 2,000 times on streaming platforms (new in 2022).
 - Launched three new e-learning courses on harassment prevention, supervisor health and safety, as well as return to work (new in 2022).
- Gathered input from external and internal stakeholders, including the general public, to develop our 2023-25 organizational strategic plan, in keeping with the TA Act.
- Concluded the provincial 2018-22 workplace injury prevention strategy and consulted with almost 40 stakeholder organizations, in partnership with the Occupational Health and Safety Division of Digital Government and Service NL, to inform the 2023-28 strategy.
- Consulted with sector councils, the Newfoundland and Labrador Employers' Council (NLEC) and Newfoundland and Labrador Federation of Labour (NLFL) to review the Sector Council Program. Results will be shared in 2023.
- Launched our Twitter account to bring injury and illness prevention messages to more citizens, follow us at @WorkplaceNL.

More details on some of these accomplishments are included in the Report on Performance section of this report.

Statutory review brings positive changes

Workers and employers will benefit from changes made in 2022 that are based on recommendations from the 2019 statutory review of the workers' compensation system:

- Added eight cancers to the presumptive coverage for volunteer and career firefighters, as well as cardiac events that occur within 24 hours of responding to an emergency.
- Modernized the language of the Act, to come into effect September 1, 2023.
- Changed the PRIME program to encourage more employers to participate and better understand their OHS requirements, starting with small employers in 2023.
- Required OHS Committees to file their minutes online as of January 1, 2022, allowing workplaces and regulators access to data to audit and manage issues.
- Reviewed the Early and Safe Return-to-Work Program, including the Labour Market Re-entry Program. The consultation summary is available on our website: workplacnl.ca/about/consultations/past-consultations/.
- Provided funding for two more Worker Advisors with the Newfoundland and Labrador Federation of Labour to help all injured workers navigate the workers' compensation system. Worker Advisors will begin to represent injured workers, upon request, at external hearings as of January 1, 2023.
- Updated our website to make our policies and online services easier to find, while also ensuring services remain available by print, mail or telephone.
- Continued to review and update our letters and materials, as well as train our employees, to use clear language.

For more information on the recommendations, see the report of the 2019 Review of the Workers' Compensation System [Striving for Balance and Compromise](#).

Partners

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

- 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
- Lifewise (formerly known as CHANNAL)
- Made Safe NL
- Memorial University of Newfoundland
- Municipalities Newfoundland and Labrador
- 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
- Paramedic Association of Newfoundland and Labrador
- SafetyNL
- Task Force on Mental Health and Suicide Prevention in Construction
- Threads of Life
- Workplace Health, Safety and Compensation Review Division

Report on Performance

2022 marks the end of WorkplaceNL's 2020-22 strategic plan. When developing that plan, in keeping with the TA Act, we identified strategic issues, created three-year goals and established objectives for each of the three years to assist us in reaching our 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 Report on Performance section of this report includes results achieved toward the three-year goals, as well as the year three (2022) objectives, for each strategic issue.

Strategic Issue 1: Client Service – Business Modernization and Continuous Innovation

Fostering a client-centred culture underpinned by service excellence and continuous improvement is a key strategic focus for WorkplaceNL. We always strive to find opportunities to innovate programs and how we deliver our services to keep pace with our clients' changing needs and preferences.

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

Indicator G1.1: Automated select routine business transactions

2020-22 Results

Automating select routine business transactions helps provide faster and more efficient services to our clients by reducing time-consuming manual processes – for both our clients and our employees.

We began providing new online services for injured workers and occupational rehabilitation providers to submit required forms and reports online rather than by mail or fax. These more convenient services helped to improve data accuracy; reduce legibility issues; and reduce manual, paper-based processing efforts. The more digital data we receive, the more we can automate routine business transactions. More details on these services are reported under indicators G1.2 'improved service delivery channels' and 1.1 'continued expansion of digital services for injured workers.'

We also developed an online option for employers to register for workplace injury coverage. This new service was launched in early 2023.

Other automation efforts throughout the planning cycle included:

- Automating an internal process to refer certain claims to employees who facilitate the workplace reintegration process – providing workers with quicker access to supports.
- Adding an online option in the OHS Committee minutes reporting system for employers to indicate seasonal shutdown periods and automatically reactivating them at the end of the period.

Indicator G1.2: Improved service delivery channels

2020-22 Results

Along with the efforts associated with automating routine business transactions, WorkplaceNL improved various service delivery channels throughout the planning cycle.

We introduced MyWorkplaceNL – our central location for all online services for workers, employers, health care providers and trainers. Through this central location, we made online services available for injured workers for the first time. More details on these services can be found under indicator 1.1 ‘continued expansion of digital services for injured workers.’ We also introduced new services for occupational rehabilitation providers to complete the clinic-based occupational rehabilitation report, submit other documents and reports and view historical submissions – over 50 occupational rehabilitation providers were registered for the service by the end of 2022.

Throughout the planning cycle, we improved existing online services by:

- Making monthly assessment statements available to employers online.
- Expanding the use of email using secure file transfer software.
- Providing the ability for more employers, as well as lawyers, to obtain electronic clearance.
- Improving information we provide to employers regarding their clearance status.
- Allowing employers to report changes to their assessable payroll online after they submit their annual estimates, so they can pay appropriate assessments as their organizations change.
- Modifying the online reporting system for OHS committees. Details on these system enhancements are reported under indicator G2.2 ‘developed a new online reporting system for OHS committees.’

Working closely with the Canadian Centre for Occupational Health and Safety (CCOHS) as well as the Department of Digital Government and Service NL, we launched the [Guide to OHS Legislation – Newfoundland and Labrador](#) in 2021. This online application is available for download on mobile devices, and can be accessed without using WIFI or data – ideal for remote worksites. Workers and employers can now access clear language explanations for 30 topics from the OHS Act and Regulations.

We also launched [The Signal: WorkplaceNL’s Health and Safety Podcast](#), as a way to reach a broader audience to provide return-to-work and prevention education. By the end of 2022, we delivered 12 podcasts, including personal stories, tips for preventing injury and instructions for creating an effective OHS committee.

In 2022, we implemented a new learning management system, making it easier to deliver and manage online injury prevention and return-to-work education to employers and workers. By using this new system, we can better respond to client feedback on course content as well as their future educational needs. At the end of 2022, three courses were completed using this new system: Preventing Harassment in the Workplace, Introduction to Early and Safe Return to Work as well as the Supervisor Health and Safety Training Recertification course. Workers and employers can access these courses through the Certification Training Registry included in MyWorkplaceNL.

The COVID-19 pandemic affected how we delivered service throughout this planning cycle. While most of the improvements described above were as a result of our regular business, some were as a direct result of the pandemic. We also made other changes as a result of the pandemic, including:

- Provided guidelines to trainers to help them deliver some of the certification training virtually, rather than in the traditional in-class environment.
- Began using virtual collaboration software in 2020 so employees could serve clients and collaborate with stakeholders while working remotely – and we continue to use it today.

Indicator G1.3: Strengthened relationships with key partners to support changes in service delivery

2020-22 Results

WorkplaceNL recognizes that strong, collaborative relationships with partners helps all parties achieve their goals.

To help meet our goal of introducing technology to modernize service delivery, we worked with several partners throughout this planning cycle. Examples include:

- Newfoundland and Labrador English School District: we collaborated to allow OHS 3203 students to complete portions of the first aid training online during the pandemic – to be fully certified, students still had to complete a hands-on portion at a later date.
- CCOHS and the OHS Division of the Department of Digital Government and Service NL: we partnered to implement the online and mobile application, NL Guide to OHS Legislation.
- Occupational therapy clinics: we engaged community-based occupational therapists to help design and test our new online services for occupational rehabilitation providers.

In 2022, we also revised our client satisfaction surveys to measure workers' and employers' satisfaction with specific service delivery performance, including online services. We will use survey responses, in part, to identify online service improvement opportunities.

2022 Objective for Goal 1: By December 31, 2022, WorkplaceNL will have implemented technology solutions to support business modernization.

Indicator 1.1: Continued expansion of digital services for injured workers

2022 Results

In 2021, WorkplaceNL began to add new services for workers to its suite of online tools, including: report an injury; view select claim and payment information; live chat with a WorkplaceNL representative and provide electronic feedback about their experiences using the new digital services. Since launch, over 4,000 users have created an account, about 26 per cent of all workers' injury reports have been submitted online and about 2,000 live chat interactions were held.

We added more services in 2022:

- Almost 4,000 other documents have been submitted, including direct deposit forms, expense claims, requests for file information, requests for internal reviews and orders for hearing aid batteries.
- Contact information has been updated about 250 times.
- Users authorized 60 representatives for their claims.

We also updated services based on users' feedback by adding print options, increasing field sizes and introducing an autosave feature.

Indicator 1.2: Implemented system enhancements for human resource processes

2022 Results

WorkplaceNL has implemented the first phase of a new Enterprise Resource Planning software solution, laying the foundation for further technology enhancements to improve service delivery for our clients. This new software is allowing us to upgrade our core systems using modern, secure technology and enhance our internal service and support functions. The upgraded technology will remove time-consuming, paper-based processes and improve internal controls and reporting, making it easier for our employees to focus more on serving clients.

During phase one, we implemented new budgeting and foundational human resource functionality, developed interfaces and introduced self-service functions for employees. Our employees can view and update demographic information on their human resource personal file as well as submit documents. Our supervisors can complete human resource processes related with employee changes. Future phases will improve external and internal human resource and financial processes, including more self-service functions.

Indicator 1.3: Enhanced information technology security

2022 Results

WorkplaceNL takes its responsibility to keep all personal information secure seriously. To improve the security of our physical information technology environment, in 2022 we:

- Upgraded firewall equipment.
- Enhanced cyber-security solutions.
- Upgraded wireless infrastructure.
- Updated access controls for several services.
- Worked with technology partners to remain abreast of new threats.
- Updated security process documentation.

To reinforce that information management and security is everyone's responsibility at WorkplaceNL, we delivered mandatory employee training throughout the year, ran security tests with employees, as well as held activities during information management month and cyber-security awareness month.

Discussion of Overall Results

By the end of 2022, WorkplaceNL introduced technology to modernize service delivery by automating select routine business transactions and improving service delivery channels. We also worked with partners to help support and inform the changes we were making.

Along with adopting the new services described above, we also continued to see improvements in employers' use of online services:

- 88 per cent of employers are registered to use our online services compared to 81 per cent at the end of 2019.
- Use of the annual employer statement service remains strong at 98 per cent of reporting employers compared to 96 per cent at the end of 2019.
- 96 per cent of clearance requests were made online compared to 89 per cent in 2019.

We will continue to expand on our digital services and grow our strategic partnerships throughout the next planning cycle. We will also look for more opportunities to make it easier to do business with us and automate routine business transactions, while still maintaining personal interactions and options for those who cannot avail of online or mobile options.

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

WorkplaceNL believes that workplace injury and illness can be prevented – and that every worker has the right to go home safely at the end of the day.

Through collaboration with our partners, stakeholders and workplace parties, we have collectively created a positive safety culture in our province, as evidenced by over 93 per cent of Newfoundland and Labrador workplaces being injury-free. But, to continue toward our goal of zero harm to workers, we must continue to focus on preventing workplace injury and illness.

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

Indicator G2.1: Enhanced certification training standards

2020-22 Results

Certification training is an effective administrative control to help protect workers when you cannot eliminate a workplace hazard. Workers then gain the knowledge, skills and competency from standardized training to safely perform hazardous tasks.

WorkplaceNL's certification training standards outline course requirements, learning objectives and certification processes.

In collaboration with the OHS Division of Digital Government and Service NL as well as industry stakeholders, we enhanced several certification training standards, including:

- Confined space entry and rescue: updated to include a rescue component.
- Fall protection: updated with a new standardized fall clearance calculation.
- First aid: adopted the Canadian Standards Association standard for first aid training.
- Mine rescue: began to design a new training program and curriculum for underground mines operating in the province.
- OHS Committees: modified the training requirements for worker health and safety representatives and workplace health and safety designates to a one-day course, from a two-day course.
- Power line hazards: provided a clearer explanation of legislation and updated materials to make the training more applicable and accessible for the target audience.
- Supervisor health and safety: incorporated workplace violence and harassment information into the curriculum.

In 2021, we developed a process to review up to two standards each year to ensure certification training standards continue to meet the needs of workplaces in the province. We engaged technical advisory committees along the way.

In 2021, we also began a review of our accreditation process for approved trainers. We reviewed models and best practices in other jurisdictions and discussed ongoing professional development needs with trainers and training providers. As an initial step, training providers and trainers are now required to provide us with annual updates, including signed codes of conduct.

Indicator G2.2: Developed a new online reporting system for OHS committees

2020-22 Results

OHS committees monitor and support workplace health and safety programs – a vital role in any workplace. Committees expressed challenges with using the previous online reporting system for their minutes. So, based on their feedback, we made the online sign-off process easier as well as added the ability to update worksite information and seasonal shut-down dates.

In 2022, we also made it mandatory for OHS committees to file their minutes online. By the end of 2022, almost 97 per cent of all committees reporting minutes to WorkplaceNL did so online.

Indicator G2.3: Implemented enhancements to occupational health and safety within the PRIME Program

2020-22 Results

Prevention and Return-to-Work Insurance Management for Employers and Employees (PRIME) is WorkplaceNL's employer incentive program. Through PRIME, employers can lower the assessments they pay by meeting practice requirements and managing claim costs through early and safe return-to-work programs. Employers can receive a five percent practice refund, plus an experience refund or charge.

We have updated the PRIME Program. To qualify for a PRIME refund, small employers must complete online health and safety and return-to-work courses, as well as have a Worker Health and Safety Representative or Designate for their workplace. Employers in the construction industry must continue to be COR®-certified. Changes for larger employers will be rolled out in the coming years.

2022 Objective for Goal 2: 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

2022 Results

WorkplaceNL conducts formal and informal audits and assessments of workplaces to help employers assess their OHS environment. Examples of formal audits include those to assess workplaces' overall OHS program, requirements under the PRIME Program as well as safety climate using the climate assessment and audit tool. Results of these audits are shared with employers and include recommendations that can help improve their safety performance.

During informal audits we observe and assess specific topics, such as: high-risk work activities, repetitive tasks, manual materials handling and disability management practices.

Throughout 2022, we completed formal and informal audits in workplaces throughout Newfoundland and Labrador, and collaborated with the workplaces to implement tailored measures to improve their safety outcomes. As examples, we:

- Provided topic-specific education.
- Led safety meetings and orientations.
- Participated in OHS committee meetings.
- Assisted with incident investigations and workplace inspections.
- Conducted workflow analysis.
- Assisted with developing safe work practices and procedures.
- Assisted with enhancing disability management programs.
- Evaluated emergency response measures.
- Created a working group for municipalities to share best practices on injury prevention.

Indicator 2.2: Developed the next injury prevention strategy

2022 Results

As the current provincial injury prevention strategy concluded in 2022, WorkplaceNL and the OHS Division of the Department of Digital Government and Service NL collaborated once again to develop the next strategy: Safe and Healthy Workplaces in Newfoundland and Labrador – Workplace Injury Prevention Strategy 2023-2028. The strategy was also informed by consultation with 40 stakeholder organizations.

We included three goals:

1. Reduce the risk of workplace injury, illness and disease.
2. Reduce the impact of injury on workers and workplaces.
3. Change safety attitudes and behaviours to advance a strong safety culture.

To meet these goals, we developed five strategic objectives:

1. Champion a culture of health and safety.
2. Enhance programs to address the changing workplace.
3. Leverage partnerships.
4. Provide timely education, training and technology.
5. Strengthen enforcement management process.

We will regularly report the results of work under this strategy through our annual performance report.

Indicator 2.3: Educated employers on PRIME enhancements

2022 Results

In 2022, WorkplaceNL began to educate small employers on the upcoming changes to the PRIME program (which are outlined under indicator G2.3 'implemented enhancements to occupational health and safety within the PRIME Program') through multiple channels, including: direct conversations, webinars, podcast, presentations and our website. As well, safety partners, such as safety sector councils and the NLEC, began explaining the changes to their membership.

Efforts to continue to educate employers, and provide support as they transition to the new program, will continue.

Discussion of Overall Results

To help meet our vision of healthy workers in safe and productive workplaces, throughout this planning cycle we:

- Implemented changes to seven certification training standards, developed a regular review process and began making enhancements to trainer accreditation.
- Updated the OHS Committee reporting system to make it easier for committees to meet their reporting responsibilities.
- Made changes to OHS within the PRIME Program beginning with education requirements for small employers to meet in 2023.

WorkplaceNL remains committed to OHS education in the province. As we begin to implement the new six-year prevention strategy, we will continue to focus on reducing the risk of workplace injury, illness and disease; reducing the impact of injury on workers and workplaces and changing safety attitudes and behaviours to advance a strong safety culture.

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

The financial sustainability of the workers' compensation system is multi-faceted – and we continue to incorporate sound financial management in all we do. We focus on adhering to funding and investment policies; 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. This will all help the employer-funded, no-fault workplace injury compensation system provide benefits to injured workers for years to come.

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

Indicator G3.1: Maintained the funded ratio within the targeted operating range

2020-22 Results

The objective of Policy IF-01 Long-term Financial Strategy, also known as the funding policy, is to maintain a funded position that will provide for the security of benefits promised to injured workers within employers' ability to pay. It also provides a mechanism

for us to set the average annual assessment rate and responsibly respond to external influences, such as volatile investment market performance and general economic factors. In keeping with our funding policy, we aimed to keep the funded ratio within an operating range of 100 to 120 per cent, with a target of 110 per cent. The policy requires us to apply a discount to the average assessment rate when the funded ratio is above the targeted operating range, and apply a surcharge if it is below. The discount or surcharge is calculated to return the funded ratio to the 110 per cent target over 15 years, and remains in place until the ratio does so.

In 2019, we applied a \$0.21 temporary discount to the average assessment rate to address a surplus in the Injury Fund – the discount remains through 2023.

Our funded position was 116.2 per cent at the end of 2022, within the targeted operating range. However, we remain cautious. Pressures on the Injury Fund, like market volatility and rising claims costs, including potential benefit increases, may impact our funded position and employer assessment rates, during the next planning cycle.

We will continue to assess the fund along with our financial management policies and practices on an on-going basis. We will also continue to seek professional advice from external financial advisors to maintain a financially sustainable system.

Indicator G3.2: Assessed the financial components of the PRIME model

2020-22 Results

In July 2020, we published [Creating Opportunities for Safer Workplaces: A Review of WorkplaceNL's PRIME Program](#), after consultation with a broad range of stakeholders.

Our original intent was to form a stakeholder-based working group to review these findings and make recommendations for improvements. Unfortunately, pandemic-related pressures on employers, workers and WorkplaceNL made that approach impractical. Instead, we formed an internal working group then held another round of consultations in November 2021 for feedback on that group's proposed changes.

The internal working group identified options to enhance PRIME and engaged our actuaries to analyze data related to each option. The group then analyzed each option to identify the best one that was easy for employers to understand, simple for us to administer, considered feedback from stakeholders and was likely to improve safety and return-to-work outcomes in workplaces.

Our multi-year implementation plan starts with changes for small employers in 2023, as described in indicator G2.3 'implemented enhancements to occupational health and safety within the PRIME Program.'

Indicator G3.3: Assessed the impact of new accounting and actuarial standards

2020-22 Results

In 2017, the International Accounting Standards Board issued IFRS 17, a new standard for insurance contracts. This standard applies to all workers' compensation boards across the country and will become effective for 2023 financial reporting.

Throughout this planning cycle, with assistance from our external auditors, we analyzed accounting issues and policy choices, along with new measurement, presentation and disclosure requirements for our financial statements.

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. The current accounting standard values this benefit liability using a discount rate equivalent to the long-term expected return of the specified asset mix of the Injury Fund. The new standard requires a discount rate closer to a risk-free rate.

Had IFRS 17 been in effect for the 2020-22 reporting period, our investment returns would not change. However, the benefit liabilities would be higher as a result of the lower required discount rate and the reported funded ratio would be lower (see the following table).

Year	Funded Ratio (%)		Benefit Liabilities (\$billions)	
	Actual	IFRS 17	Actual	IFRS 17
2020	125.5	95.5	1.25	1.66
2021	132.3	109.5	1.29	1.57
2022	116.2	114.2	1.33	1.36

2022 Objective for Goal 3: 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

2022 Results

Throughout 2022, WorkplaceNL developed discussion papers that assessed the IFRS 17 standard against our current practices, noting any differences and how they will be resolved. Our external auditors were engaged throughout the year to review and provide feedback.

Given this has a country-wide impact, we also participated in a sub-committee of Chief Financial Officers of the Association of Workers' Compensation Boards of Canada. The group, which was formed to assess the impact of the new accounting standard change, met quarterly throughout 2022 and will continue meeting throughout 2023.

We will issue the first audited financial statements under IFRS 17 for the year ended December 31, 2023, using policy choices documented in the discussion papers. We will communicate the impact of changes of using the new accounting standard to stakeholders.

Indicator 3.2: Modified operational financial management policies and procedures

2022 Results

WorkplaceNL updated various financial management policies and procedures throughout 2022 to: include deferred payment arrangements for employers purchasing optional personal coverage, clarify that injured workers will be reimbursed for mileage based on the rate applicable on the date of travel and reflect recommendations from our external investment consultant to ensure the Injury Fund is managed to maximize returns at an acceptable level of risk.

Discussion of Overall Results

Financial sustainability is incorporated in how WorkplaceNL delivers programs and services. Throughout 2020-22, we supported financial sustainability by assessing financial management policies and practices. We reviewed and updated our funding policy along with our short- and long-term investment policies, which are available on our website at <https://workplacenl.ca/resources/policies-procedures-legislation/injury-fund-and-reserves/>.

We will continue to assess and modify, as needed, our financial management policies and practices throughout the next planning cycle, following the advice of external financial professionals. We will continue to focus on financial sustainability as we look to improve how we prevent injury and support injured workers' recovery at work.

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

Reducing the impact of workplace injury and illness continues to be a strategic direction for WorkplaceNL, in collaboration with stakeholders, workers and employers. We want what is best for workers throughout the province – keeping them healthy and safe at work and supporting those with a work-related injury or illness. 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.

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

Indicator G4.1: Enhanced policies and procedures to support labour market re-entry

2020-22 Results

WorkplaceNL's policies and procedures guide our employees to make fair and consistent decisions that align with legislation.

During this period, we developed a multi-year plan to enhance policies and procedures to support a workers' return to the labour market. The plan included jurisdictional analysis and stakeholder consultation following a review of the Labour Market Re-entry (LMR) Program in 2018. Changes support injured workers by:

- Increasing benefits – six more weeks of employment readiness benefits and a higher travel allowance during LMR plans.
- Providing guidelines for relocation assistance.
- Ensuring employers accommodate the worker to the point of undue hardship.
- Clarifying an employer's duty to cooperate and obligation to re-employ applies in the construction industry.

We recognize that continuous improvement of our LMR Program is required to maintain best practices, so we will continue to explore ways to enhance the program.

Indicator G4.2: Strengthened service delivery for traumatic psychological injuries

2020-22 Results

In recent years, coverage and claims for work-related traumatic psychological injuries has increased, and we know these injuries can have a significant impact on workers and employers.

Throughout this planning cycle, we implemented several changes to enhance service delivery in this area, including:

- Promoted the importance of creating a trauma-informed culture with employers – a norm in the workplace that there are healthy, safe and supportive initiatives to assist workers who may experience traumatic psychological injuries at work.
- Trained and supported employees to further strengthen a flexible and supportive approach with workers and employers.
- Contracted services from a psychology consultant to provide advice to our employees who manage traumatic psychological injury claims and to educate psychologists in the community.
- Launched a multi-disciplinary program to support workers with a work-related traumatic psychological injury.

Indicator G4.3: Incorporated disability management practices into PRIME audits

2020-22 Results

The PRIME Program recognizes employer's claims costs as well as their compliance with certain health, safety and return-to-work practices. To enhance return-to-work programs, WorkplaceNL has incorporated disability management practices into employers' PRIME audits. To help better connect employers and workers, and our employees who support both, we first improved internal interactions between our claims and prevention areas when challenges with disability management practices were raised during audits. We also implemented a process for our case management and prevention employees to collaborate when evaluating an employers' return-to-work practices and outcomes, and create a plan to monitor them following a PRIME audit.

2022 Objective for Goal 4: 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

2022 Results

WorkplaceNL continued changes to support injured workers as they re-enter the workforce. Starting in late 2021, and continuing into 2022, we provided early occupational rehabilitation services to some injured workers – so they began treatment and explored what they can do at work while they recover, before their claim was adjudicated.

We also developed key performance indicators for the LMR Program that identify the supports we provided to workers in helping them transition back to the workforce. The results for 2018-22 are available on our [website](#) and will be updated annually.

We also continued to enhance policies and procedures that support LMR for injured workers. Details on our progress are reported under indicator G4.1 'enhanced policies and procedures to support labour market re-entry'.

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

2022 Results

When people have a work-related traumatic psychological injury, we help them get the care they need. In July 2022, we launched a Traumatic Psychological Injury Program for injured workers. The program's evaluation metrics capture client-focused outcomes, such as: length of time in the program; if the worker was able to remain at work; if the worker was able to return to work and whether the worker returned to work with the same employer. We will evaluate the program over the next planning cycle, beginning in 2023.

As a further enhancement to service delivery, we contracted the services of a psychology consultant via a public procurement process. This consultant will provide expert opinions to our internal decision makers on appropriate psychological services for injured workers and will help community psychologists better understand WorkplaceNL's mandate and processes. This will help treating psychologists support injured workers in their recovery and return to work.

Indicator 4.3: Assessed the integration of disability management practices in PRIME audits

2022 Results

In 2021, we implemented changes to incorporate disability management practices within PRIME audits, which helped to improve how we assist employers with their return-to-work processes and programs.

We assessed the process changes in 2022 to ensure they were working as planned. As a result, we formalized a process between our internal claims and prevention teams to ensure continued collaboration and improved service for employers. The process outlined specific internal roles, responsibilities and activities, along with expected timelines to identify, assist and monitor employers requiring help with disability management and return-to-work practices as part of PRIME audits.

Discussion of Overall Results

As planned for 2020-22, WorkplaceNL made changes that support workers' early re-integration into the workforce, if their functional abilities permit.

We established a multi-year plan to review and update return-to-work and LMR policies and procedures, and updated policies and procedures throughout the period. In the next planning cycle, we plan to investigate opportunities to further improve our employment readiness supports for workers.

We also made changes to strengthen service delivery to support workers impacted by traumatic psychological injuries and will continue this work into the next planning cycle. We will incorporate the services of our new psychology consultant and continue with our Traumatic Psychological Injuries Program.

In addition, we implemented and assessed processes to integrate disability management into PRIME audits. The process is working well, with improved communication and coordination between our claims and prevention areas to better support workers and employers. We will continue to review and modify these processes into the future to ensure PRIME audits continue to focus on disability management and return-to-work practices.

Opportunities and Challenges

Reducing injury and illness

The workplace lost-time injury rate in Newfoundland and Labrador has decreased 66 per cent in the last four decades. The highest was in 1989 at 5.2 lost-time injuries per 100 workers. The injury rate has been relatively stable at a historic low for the past five years – dipping to its lowest in 2020 at 1.4.

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

With the lost-time injury rate now stable, further reductions will require continued effort. Leadership and collaboration from all workplace parties and safety partners will be important as we implement the 2023-2028 workplace injury prevention strategy for the province.

Preventing longer-term disability

Prevention is more than just preventing injuries. It is also about preventing long-term work disability. We will continue to help injured workers recover at work, where possible, or recover quickly so they can return to doing the things they enjoy.

In Newfoundland and Labrador, approximately two-thirds of lost-time claims are for soft-tissue injuries. We are focused on helping injured workers with relatively minor injuries avoid longer-term physical, emotional and financial impacts, and the effect that has on their families and their employers. We will continue to explore approaches to provide workers with a better opportunity to recover at or return to work.

Innovating service delivery

We recognize that there are further opportunities to make services even more accessible and modern for injured workers and employers. To inform

future improvements, we will use feedback from our clients, health care providers and vendors as well as consider technology trends and best practices in service delivery in the public sector.

We are committed to serving all of our clients, so we will continue to offer services in many ways, including online, telephone, in-person and mail.

Managing health care costs and access to services

We proactively seek 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 and purchase medical items through the public procurement process.

Managing financial sustainability

As a responsible steward of the Injury Fund, we continue to rely on stakeholder-agreed policies to guide us in setting annual assessment rates to ensure sufficient funds will be available for injured workers for the duration of their claims. These policies allow us to respond to external influences in a controlled and responsible manner.

During 2022, the COVID-19 pandemic and other geopolitical events impacted the Canadian and global economies. Inflation and rising interest rates contributed to a volatile investment market and the potential for a global economic slowdown remained an overall concern. We will continue to maintain a long-term view and diversified investment portfolio to mitigate impacts of fluctuations on the Injury Fund investments.

Responding to the 2019 statutory review

The 2019 statutory review of the workers' compensation system offers an opportunity to remain responsive to feedback from many people, groups, partners and stakeholders. We will continue to implement changes and analyze options based on the recommendations from the review, as directed by the Minister responsible for WorkplaceNL.



Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) is an integral part of the annual performance report as it 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, 2022. The MD&A was prepared based on information available as of March 24, 2023. The Board of Directors (Board) 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 market, 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.

Statement of Financial Position

Investments

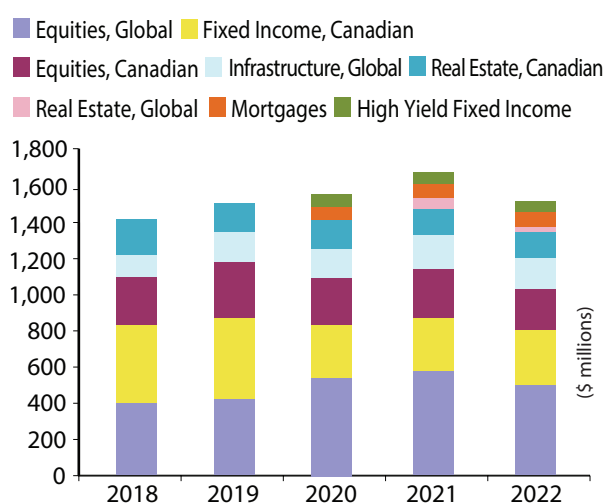
WorkplaceNL's Injury Fund is a diversified investment portfolio that provides for the security of benefits due to injured workers.

Table 1: Financial Highlights

(\$millions)	2022	2021
Investments	1,545.0	1,669.7
Benefit liabilities	1,333.1	1,290.2
Fund balance	226.2	430.1
Assessment income	150.3	144.1
Investment (loss) income	(91.1)	202.6
Claims costs incurred	195.0	177.8
Actuarial adjustments	28.1	35.8
Administration costs	19.5	18.3
Legislated obligations	7.3	7.1
Operating (deficit) surplus	(203.9)	96.5
Average assessment rate (\$0.21 discount applied in 2022 and 2021)	\$1.69	\$1.69
Rate of return on investments	-5.7%	12.9%
Funded ratio	116.2%	132.3%

The fair value of the Injury Fund decreased \$154.7 million to \$1,545.0 million at December 31, 2022 from \$1,699.7 million at the end of 2021. This reflects investment loss of (\$91.1) million and withdrawals of \$60.0 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's responsibilities include ensuring 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.

During 2022, WorkplaceNL moved away from the Outsourced Chief Investment Officer model that began in 2018 and returned to using an investment consulting firm, along with internal employees, to monitor and oversee the Injury Fund. As a part of this transition, WorkplaceNL entered into agreements with three new global equity managers as well as transitioned the Return Seeking Fixed Income and Global Infrastructure to passively managed investments of a similar nature.

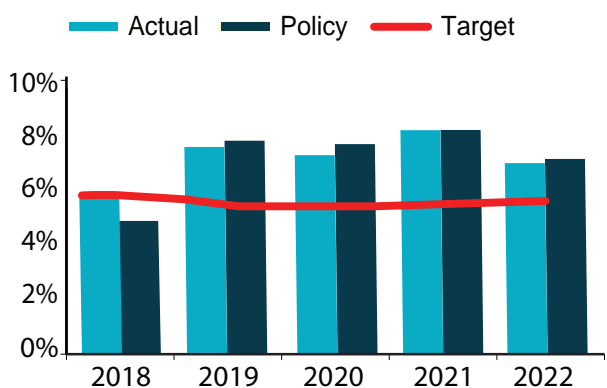
The asset mix did not change during 2022. An asset liability review is planned for 2023 to review the current asset mix. The asset mix, as seen in table 2, will vary from the targets due to differences in the relative performance of the various financial market segments. All asset classes were within their respective tolerance ranges at December 31, 2022.

Table 2: Asset Mix Targets as at December 31, 2022

Asset Class	Asset Mix	Tolerance Range
Fixed Income, Canadian	20 %	±5 %
Mortgages	5 %	±2.5 %
High Yield 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 5.25 per cent and was revised to 5.5 per cent in 2022. The gross discount rate of 5.5 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, 2022, the Injury Fund earned an annualized return of 6.8 per cent which was on par with the benchmark of 6.8 per cent over the same period.

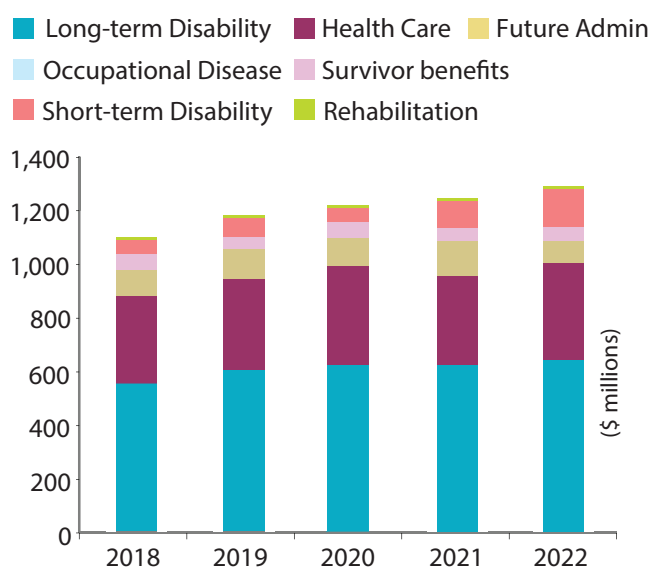
Benefit Liabilities

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, 2022, 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. During this year, eight additional cancers, as well as coverage for cardiac events occurring within 24 hours of an emergency response, were added to the presumptive coverage for firefighters.

Benefit liabilities increased \$42.9 million, or 3.3 per cent, from \$1,290.2 million at the end of 2021, to \$1,333.1 million at the end of 2022 (see figure 3). The increase to the benefit liability is primarily due to \$15.4 million for additional firefighter coverage, \$26.6 million related to inflation, \$4.9 million in experience losses and a \$14.8 million difference in claims costs incurred compared to actual claims payments in 2022. The increase is partially offset by a decrease of \$22.9 million as a result of the increase in the discount rate from 5.25 per cent to 5.50 per cent.

Figure 3: Benefit Liabilities



Long-term disability benefits provided under the Act are indexed to inflation each year. 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 2022 was 5.6 per cent. Assumed inflation rates of 5.6 per cent, 5.6 per cent and 2.6 per cent were used for 2023, 2024, 2025 in this year's valuation compared to previous assumed rates of 4.0 per cent for 2023 and 2.0 per cent thereafter. However, the long-term inflation rate used was 2.0 per cent and is consistent with the prior year.

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 will use the new IFRS 17 standard when reporting its financial statements for the years ended December 31, 2023 onwards.

Among the changes required, the financial statements will distinguish between WorkplaceNL's insurance service results and the investment performance of the Injury Fund.

As well, IFRS 17 uses a discount rate to value the benefit liability that is closer to a risk-free rate. If this accounting standard had been in effect at December 31, 2022, such a discount rate would have been 5.25 per cent and would result in a \$24.9 million increase in the benefit liability and a lower funded ratio of 114.2 per cent.

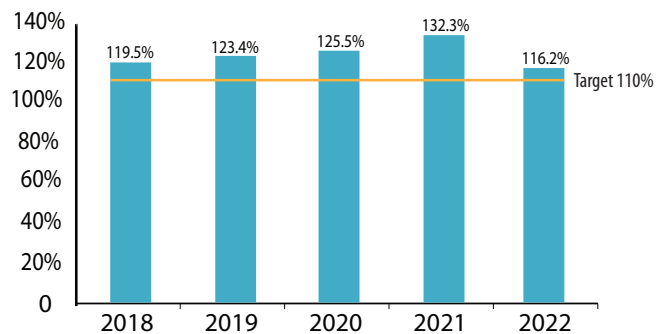
Current accounting and actuarial standards allow for the use of a discount rate equivalent to the long-term expected return on the benchmark asset allocation adopted through WorkplaceNL's Long-term Investment Policy. The discount rate was changed to 5.50 per cent for the 2022 valuation from 5.25 per cent used in 2021.

The economic and actuarial assumptions used to value liabilities are reasonable estimates of future expectations for these variables over the long term and are described in Note 16 - Benefit Liabilities and Claims Costs, to the financial statements.

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' ability to pay assessments. The Funding Policy guides WorkplaceNL to respond 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 has established a funding target of total assets equal to 110 per cent of total liabilities.

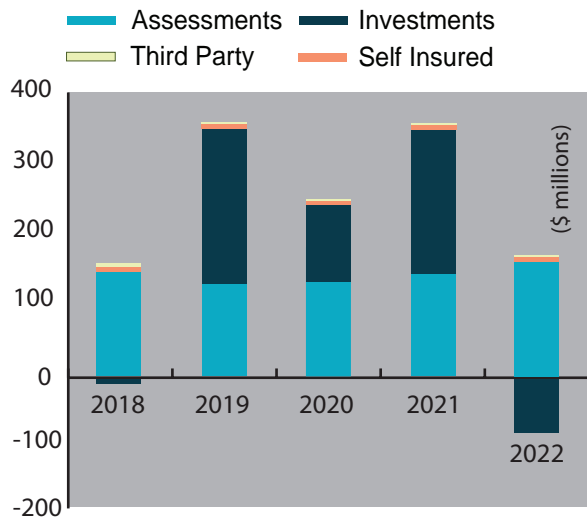
The Funding Policy specifies a funding target operating range from 100 per cent to 120 per cent. If the funded status moves outside the targeted range, WorkplaceNL will adjust the assessment rates paid by employers, using a surcharge or discount, amortized over 15 years to return to the desired funding target. The average assessment rate since 2019 reflects a \$0.21 discount aimed at returning the funded ratio to 110 per cent.

The funded ratio decreased from 132.3 per cent at December 31, 2021 to 116.2 per cent at December 31, 2022. This is primarily due to negative investment returns of -5.7 per cent as a result of global financial markets recording losses across most traditional asset classes and market volatility throughout the year.

Statement of Comprehensive Income Revenue

WorkplaceNL’s revenue sources are assessments paid by employers for workplace injury coverage, investment income, self-insured administration fees and third-party recoveries. In 2022, revenue totaled \$62.0 million, an 82.3 per cent decrease from 2021 revenue of \$350.2 million (see figure 5), driven by investment losses both realized and unrealized.

Figure 5: Revenue



Assessments Revenue

Assessment revenue from rate-based employers increased 4.2 per cent to \$150.3 million from \$144.2 million in 2021. 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 2022, employer assessable payrolls increased by 5.8 per cent to \$9.1 billion, as illustrated in figure 6. There was growth in all sectors except Government Services. Growth was led by

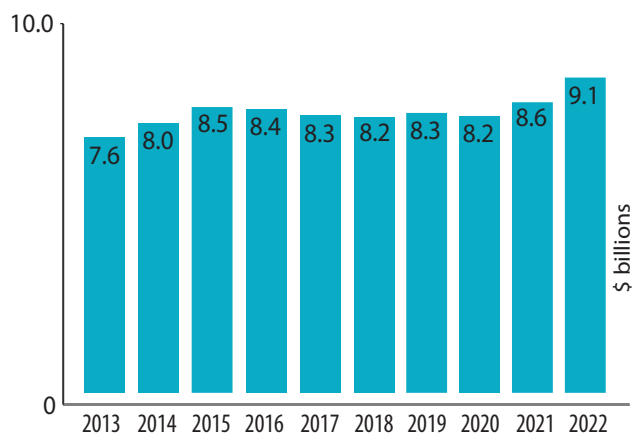
mining, fishing, health and social services, manufacturing and construction industries.

The average base assessment rate paid by employers in 2022 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 practice requirements under the practice incentive component and managing their claim costs under the experience incentive component. The practice component recognizes employers for good occupational health and safety and return-to-work practices through a five per cent refund on their average calculated base assessments. The net PRIME refunds increased 88 per cent from \$1.8 million to \$3.4 million.

Revenue from self-insured employers consists of the administration fee for managing their claims. In 2022, revenue in this category increased by 4.0 per cent to \$2.4 million (2021 - \$2.3 million).

Figure 6: Assessable Payroll

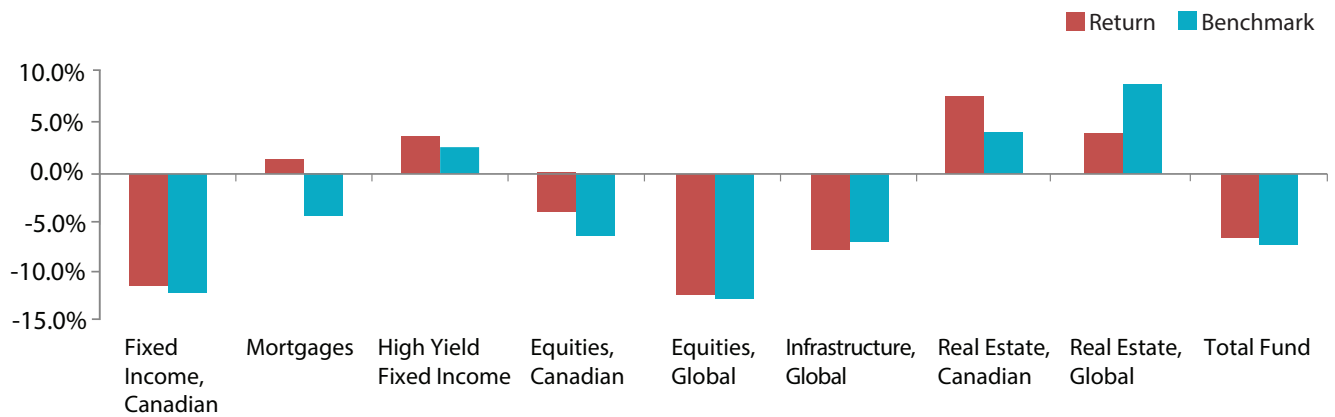


Investment Income

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.

In 2022, WorkplaceNL’s investment (loss) income was (\$91.1) million (2021 – \$202.6 million). The Injury Fund had a rate of return of -5.7 per cent (2021 – 12.9 per cent) compared to the long-term target of 5.5 per cent. Figure 7 shows the 2022 fund return by asset class.

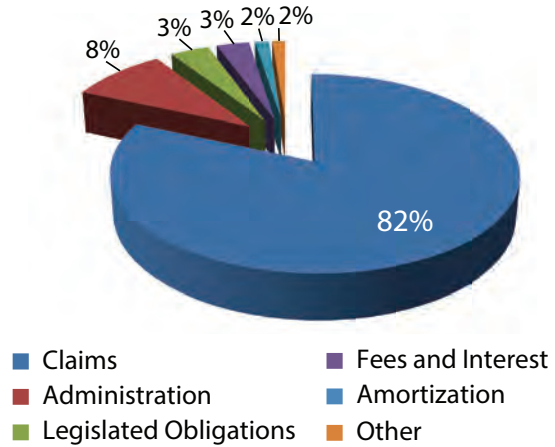
Figure 7: 2022 Returns by Asset Class



Expenses

WorkplaceNL’s 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 (2021 – 82 per cent) of expenses, while administration expenses are approximately eight per cent (2021 – eight per cent) of the total (see figure 8).

Figure 8: Total Expenses 2022*



* Excludes actuarial adjustments \$28M

Claims costs incurred (expense), as reported in the Statement of Comprehensive Income, increased \$17.2 million (9.7 per cent) from \$177.8 million in 2021 to \$195.0 million in 2022. This was primarily due to increases in health care, short-term and long-term disability costs.

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 0.4 per cent to \$175.9 million in 2022, from \$175.2 million in 2021. The average rate of increase from 2017 to 2022 has been 7.0 per cent per year as a result of increasing claims costs.

Outlook

WorkplaceNL maintained the average assessment rate at \$1.69 for 2023, continuing the temporary \$0.21 discount to enable the funded position to return to the desired target of 110 per cent. WorkplaceNL is forecasting assessable payrolls of \$9.2 billion in 2023, an increase of 1.1 per cent from 2022.

The year 2022 started with optimism in the financial markets for a growing economy to continue recovery from the pandemic-related slowdown. Instead, the global economy was challenged due, in part, to geopolitical uncertainty, supply chain and labour market concerns. Tightening financial conditions led to higher levels of inflation and rising interest rates that contributed to decelerated growth as well as more risk and volatility in the global markets. Many of those concerns continue to prevail into 2023, which may lead to a larger economic downturn and impact the returns achieved in the Injury Fund.

Financial Statements 2022

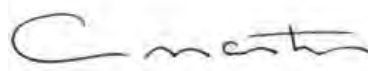
Management responsibility for financial reporting

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.

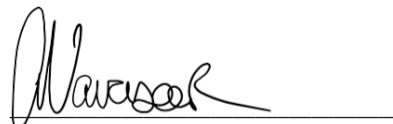
In discharging its responsibility for the integrity and reliability of the financial statements, management maintains a system of internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The Internal 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.

Eckler Ltd. 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 2022 financial statements of WorkplaceNL in accordance with Canadian generally accepted auditing standards and their report follows.



Ann Martin
On behalf of WorkplaceNL



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, 2022 (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 \$1,333,106,000. 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.

Respectfully submitted,



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, 2022, 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, 2022, 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.



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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 12, 2023

Ernst + Young LLP

Chartered Professional Accountants



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

(thousands of dollars)	2022	2021
Assets		
Cash, cash equivalents and short-term investments	\$ 3,140	\$ 7,326
Accounts receivable [note 6]	16,266	15,357
Investments [note 7]	1,544,992	1,699,732
Right-of-use assets [note 10]	1,369	1,594
Property, plant and equipment [note 11]	7,882	7,668
Intangible assets [note 12]	10,754	12,707
	\$ 1,584,403	\$ 1,744,384
Liabilities		
Accounts payable and accrued liabilities [note 14]	22,042	20,709
Employee future benefits [note 17]	1,547	1,721
Lease liabilities [note 10]	1,461	1,669
Benefit liabilities [note 16]	1,333,106	1,290,181
	1,358,156	1,314,280
Fund balance	226,247	430,104
	\$ 1,584,403	\$ 1,744,384

Authorized for issue on March 30, 2023 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)	2022	2021
Revenue		
Assessments revenue [note 15]	\$ 150,330	\$ 144,149
Investment (loss) income [note 8]	(91,110)	202,640
Third-party recoveries	387	1,066
Self-insured employer revenue	2,400	2,308
	<u>62,007</u>	<u>350,163</u>
Expenses		
Claims costs incurred [note 16]		
Short-term disability	54,739	50,589
Long-term disability	70,709	64,254
Survivor benefits	4,673	3,453
Health care	46,193	42,376
Rehabilitation	2,236	2,060
Future administration costs	16,488	15,033
	<u>195,038</u>	<u>177,765</u>
Actuarial adjustments [note 16]	28,078	35,792
	<u>223,116</u>	<u>213,557</u>
Administration [note 18]	19,472	18,250
Legislated obligations [note 19]	7,250	7,075
Fees and interest, net [note 13]	7,979	7,285
Amortization and depreciation [notes 10, 11 and 12]	3,428	3,321
Other expenses [note 20]	4,614	4,141
	<u>265,859</u>	<u>253,629</u>
Operating (deficit) surplus	(203,852)	96,534
Other comprehensive income (loss)		
Remeasurement of employee future benefits [note 17]	234	(30)
Total comprehensive (loss) income	<u>\$ (203,618)</u>	<u>\$ 96,504</u>

See accompanying notes.

Statement of CHANGES IN FUNDED POSITION
Year ended December 31

(thousands of dollars)	2022	2021
Accumulated operating surplus		
Balance, beginning of year	\$ 426,908	\$ 331,374
Operating (deficit) surplus	(203,852)	96,534
Reserve allocation [note 21]	(1,000)	(1,000)
	<u>222,056</u>	426,908
Accumulated other comprehensive loss		
Balance, beginning of year	(850)	(820)
Other comprehensive income (loss) [note 17]	234	(30)
	<u>(616)</u>	(850)
Reserves		
Occupational Health and Safety Research [note 21]	<u>4,807</u>	4,047
Fund balance, end of year	<u>\$ 226,247</u>	<u>\$ 430,104</u>

See accompanying notes.

Statement of CASH FLOWS

Year ended December 31

(thousands of dollars)	2022	2021
Cash flow from operating activities		
Cash received from:		
Employers, for assessments	\$ 149,421	\$ 154,813
Self-Insured administration and claims cost	13,217	12,144
Third parties	387	1,012
	<u>163,025</u>	<u>167,969</u>
Cash paid to:		
Claimants or third parties on their behalf	(175,931)	(175,209)
Suppliers and employees, for administrative and other goods and services	(42,761)	(38,956)
Investment manager, interest & other fees	(3,366)	(3,946)
	<u>(222,058)</u>	<u>(218,111)</u>
Net cash used in operating activities	<u>(59,033)</u>	<u>(50,142)</u>
Cash flows from investing activities		
Cash received from:		
Interest	15,479	11,389
Dividends	10,945	23,270
Sale of investments	1,289,243	578,812
	<u>1,315,667</u>	<u>613,471</u>
Cash paid for:		
Purchase of investments	(1,259,355)	(538,610)
Purchase of property, plant and equipment	(728)	(605)
Purchase of intangible assets	(736)	(985)
	<u>(1,260,819)</u>	<u>(540,200)</u>
Net cash provided by investing activities	<u>54,848</u>	<u>73,271</u>
Cash flows from financing activities		
Cash paid for:		
Repayment of short-term borrowing	-	(20,000)
		<u>(20,000)</u>
Net cash provided by (used in) financing activities	<u>-</u>	<u>(20,000)</u>
Net change in cash and cash equivalents	(4,186)	3,129
Cash and cash equivalents beginning of year	7,326	4,197
End of year	<u>\$ 3,140</u>	<u>\$ 7,326</u>

See accompanying notes.

Notes to FINANCIAL STATEMENTS

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 23].

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 than 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 in the range of 0.55% to 5% [2021 - 0.75%].

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.

3. 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.

3. 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:

Asset/Liability	Classification	Measurement
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

3. 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

3. 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

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

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

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 finalizing the analysis of the impact of adopting this standard on its financial statements. If this accounting standard had been in effect at December 31, 2022, WorkplaceNL determined that the applicable discount rate under IFRS 17, utilizing the bottom up approach, would have been 5.25 per cent compared to the discount rate of 5.50 per cent included in these statements. This difference in rates would result in an increase of \$24.9 million to the benefit liabilities for December 31, 2022. The first financial statements under IFRS 17 will be issued for the year ending December 31, 2023.

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.

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 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, 2022, is adequate, recognizing that actuarial methods and assumptions as disclosed in note 16 may change over time to reflect underlying economic trends. Changes in assumptions could have a material impact on the benefit liabilities.

5. SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Employee future benefits

A valuation of severance and accumulated annual leave liabilities is prepared using the assumptions disclosed in note 17.

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 16 and 17

6. ACCOUNTS RECEIVABLE

(thousands of dollars)	2022	2021
Assessments	\$11,384	\$15,522
Accrued assessments	(976)	(1,819)
Less: Allowance for doubtful accounts	(2,164)	(3,314)
Assessment receivable	8,244	10,389
Prepaid Expenses	2,360	2,685
Other	6,794	3,269
Less: Allowance for doubtful accounts - other	(1,132)	(986)
	8,022	4,968
	\$16,266	\$15,357

Aging of Assessment Receivable

(thousands of dollars)			
Year	Total	Current <1 year	1-2 years
2022	\$ 8,244	\$6,671	\$1,573
2021	\$ 10,389	\$7,098	\$3,291

7. INVESTMENTS

Fair Value Hierarchy

(thousands of dollars)	2022	2021
Level 1		
Cash and cash equivalents	\$ 25,940	\$ 6,336
Domestic equities	221,440	259,486
Foreign equities	546,210	692,257
	793,590	958,079
Level 2		
Fixed income investments	444,104	451,408
Real Estate Funds	180,284	206,195
	624,388	657,603
Level 3		
Infrastructure	127,014	84,050
	\$ 1,544,992	\$ 1,699,732

7. INVESTMENTS (continued)

There have been no transfers between levels during 2022 [2021-Nil].

Summary of changes in level 3 fair value measurements:

(thousands of dollars)	2022	2021
Balance, beginning of year	\$ 86,402	\$ 57,319
Purchases of level 3 investments	26,625	16,819
Interest and dividends	1,357	2,566
Expenses	(1,340)	(1,593)
Foreign exchange gains	525	267
Unrealized change in fair market value	13,445	11,025
Balance, end of year	\$ 127,014	\$ 86,402

The level 3 investments consist of a limited partnership interest in a closed fund investing in global infrastructure assets with a market value of \$33.7 million (2021-\$25.3 million), and a balance of \$93.3 million in open funds [2021-\$61.1 million]. These funds have no active market and no published net asset value as of December 31, 2022, 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 (loss) income is comprised of the following:

(thousands of dollars)	2022	2021
Interest and dividends	\$ 26,263	\$ 34,582
Realized (loss) gain on sale of investments	(23,974)	102,587
Interest on short-term investments	160	77
Unrealized change in fair market value	(93,559)	65,394
Investment (loss) income	\$ (91,110)	\$ 202,640

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.

9. FINANCIAL RISK MANAGEMENT (continued)

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 income investments at December 31 are listed in the following table.

(thousands of dollars)	2022		2021	
Credit Rating				
Cash & Short-term notes	\$ 13,614	3.1%	\$ 13,516	3.0%
AAA	65,798	14.8%	74,927	16.6%
AA	93,031	21.0%	115,591	25.6%
A	56,820	12.8%	53,988	12.0%
BBB	50,844	11.4%	64,901	14.4%
BB and below	74,598	16.8%	42,147	9.3%
Foreign currency	1,381	0.3%	1,425	0.3%
Mortgages	88,019	19.8%	84,912	18.8%
	\$ 444,105	100%	\$ 451,407	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.

9. FINANCIAL RISK MANAGEMENT (continued)

As at December 31, 2022, WorkplaceNL's holdings in foreign currencies had a market value of \$912.0 million [2021 - \$1.0 billion] representing 59.0% [2021 – 61.4%] 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 to the following selected currencies.

(thousands of dollars)	2022	2021
CAD/US Dollar	\$ 44,826	\$ 57,657
CAD/EURO	9,343	10,628
CAD/British Pound	4,822	4,316
CAD/Japanese Yen	2,796	3,801
CAD/Swiss Franc	1,634	2,314
CAD/Australian Dollar	1,600	-
CAD/Hong Kong Dollar	1,312	1,504
CAD/Danish Krone	988	-
CAD/Swedish Kronor	821	-
CAD/Mexican Peso	790	-

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)	2022		2021	
Change in nominal interest rates	+/-50bps	+/-100bps	+/-50bps	+/-100bps
Impact on comprehensive income	\$ 13,067	\$ 26,567	\$ 14,968	\$ 30,502

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
2022 Fair Value	\$ 32,238	\$ 58,512	\$ 122,614	\$ 84,280	\$ 297,644
2021 Fair Value	\$ 31,050	\$ 59,314	\$ 104,163	\$ 102,421	\$ 296,948

9. FINANCIAL RISK MANAGEMENT (continued)

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.

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)	2022		2021	
	1 std dev	2 std dev	1 std dev	2 std dev
Equities				
% Change in market benchmark	15.5%	31.0%	13.8%	27.6%
Canadian equity	\$ 30,251	\$ 53,350	\$ 31,938	\$ 56,966
% Change in market benchmark	13.0%	25.9%	11.1%	22.1%
All world equity	\$ 59,079	\$ 106,000	\$ 58,215	\$ 105,884

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:

Right-of-Use Assets		
(thousands of dollars)	2022	2021
Balance, beginning of year	\$ 1,594	\$ 1,819
Additions		
Depreciation	(225)	(225)
Balance, end of year	\$ 1,369	\$ 1,594

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

Lease Liabilities		
(thousands of dollars)	2022	2021
Balance, beginning of year	\$ 1,669	\$ 1,869
Additions		
Interest	63	71
Payments	(271)	(271)
Balance, end of year	\$ 1,461	\$ 1,669

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	\$ 1,345	\$ 305	\$ 1,650

11. PROPERTY, PLANT AND EQUIPMENT

(thousands of dollars)		2022		
	Opening Balance	Additions/Depreciation	Disposals	Closing Balance
Cost				
Land	\$ 3,000	\$	\$	\$ 3,000
Buildings	11,011	252	(303)	10,959
Furniture & equipment	600	110	(205)	505
Computer equipment	3,474	366	(872)	2,968
Total	18,085	728	(1,380)	17,433
Accumulated Depreciation				
Buildings	7,260	182	(303)	7,139
Furniture & equipment	441	34	(205)	270
Computer equipment	2,716	298	(872)	2,142
Total	10,417	514	(1,380)	9,551
Net Book Value	\$ 7,668	\$ 214	\$	\$ 7,882
(thousands of dollars)		2021		
	Opening Balance	Additions/Depreciation	Disposals	Closing Balance
Cost				
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
Total	18,480	605	(1,000)	18,085
Accumulated Depreciation				
Buildings	7,640	183	(563)	7,260
Furniture & equipment	473	40	(72)	441
Computer equipment	2,765	273	(322)	2,716
Total	10,878	496	(957)	10,417
Net Book Value	\$ 7,602	\$ 109	\$ (43)	\$ 7,668

12. INTANGIBLE ASSETS

(thousands of dollars)	Cost	Accumulated Amortization	Net Book Value
Balance at January 1, 2021	\$ 37,522	\$ (22,963)	\$ 14,559
Additions	985		985
Disposals	(5,652)	5,415	(237)
Amortization		(2,600)	(2,600)
Balance at December 31, 2021	\$ 32,855	\$ (20,148)	\$ 12,707
Additions	736		736
Disposals	(219)	219	
Amortization		(2,689)	(2,689)
Closing balance, December 31, 2022	\$ 33,372	\$ (22,618)	\$ 10,754

Intangible assets include \$730,774 [2021 - \$923,137] related to internally developed software which is not yet available for use.

13. FEES AND INTEREST

Fees and interest are comprised of the following:

(thousands of dollars)	2022	2021
Fund managers' investment fees	\$ 7,730	\$ 7,122
Banking fees	139	84
Lease liabilities	63	71
Interest paid to claimants	47	8
Fees and interest, net	\$7,979	\$ 7,285

WorkplaceNL has established an operating line of credit with its banker in the amount of \$20 million for 2022 (\$20 million for 2021). 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 million was utilized during 2022 (\$18 million for 2021).

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(thousands of dollars)	2022	2021
Accounts payable	\$ 7,284	\$ 6,138
PRIME program	11,038	10,718
Amounts due to employees	1,001	1,157
Credit balances due to employers	2,719	2,696
	\$ 22,042	\$ 20,709

15. ASSESSMENTS REVENUE

(thousands of dollars)	2022	2021
Assessments	\$ 152,858	\$ 145,166
Assessment reporting penalties & interest	863	785
PRIME refunds	(3,391)	(1,802)
Total assessment revenue	\$ 150,330	\$ 144,149

16. BENEFIT LIABILITIES AND CLAIMS COSTS

	2022					2021	
	Short-term disability	Long-term disability	Survivor benefits	Health care	Rehabilitation	Future Admin. Cost	Total
Balance, beginning of year	\$120,327	\$659,322	\$45,352	\$336,251	\$6,333	\$122,596	\$1,290,181
Add:							
Claims costs incurred:							
Current-year injuries	49,468	37,779	2,433	29,368	1,925	10,442	131,415
Interest expense	5,271	32,930	2,240	16,825	311	6,046	63,623
	54,739	70,709	4,673	46,193	2,236	16,488	195,038
Deduct:							
Claims payments:							
Current-year injuries	12,938	421	218	7,942	3		21,522
Prior years' injuries	40,372	65,022	5,418	31,935	846	15,077	158,670
	53,310	65,443	5,636	39,877	849	15,077	180,192
Actuarial adjustments:							
Claims experience	13,235	14,043	(643)	(21,396)	(616)	262	4,884
Inflation variance		22,216	1,866			2,529	26,611
Methods & Assumptions	(1,325)	(12,492)	(795)	(8,192)	(70)	(2,402)	(25,276)
Other gains/losses	3,546	13,328	603	2,118	187	2,077	21,859
Sub-total	15,456	37,095	1,031	(27,470)	(499)	2,466	28,078
Balance, end of year	\$137,212	\$701,683	\$45,420	\$315,097	\$7,221	\$126,473	\$1,333,106
							\$1,290,181

16. 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 2013-2022. 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Estimate of cumulative claims:											
At end of accident year	\$145,724	\$148,559	\$140,967	\$141,515	\$144,998	\$134,992	\$155,063	\$146,635	\$137,143	\$163,480	
One year later	135,006	143,550	131,833	130,872	134,716	142,027	162,441	143,336	144,323		
Two years later	127,225	133,860	137,731	138,611	138,638	145,829	170,243	146,939			
Three years later	126,041	138,166	137,169	138,831	138,861	145,769	176,983				
Four years later	128,066	135,706	138,417	137,558	152,438	159,407					
Five years later	124,118	134,239	135,566	143,128	159,665						
Six years later	125,689	133,962	133,666	144,321							
Seven years later	125,258	134,031	136,356								
Eight years later	123,335	134,726									
Nine years later	124,163										
Estimate of cumulative claims	124,163	134,726	136,356	144,321	159,665	159,407	176,983	146,939	144,323	163,480	1,490,363
Cumulative payments	(73,893)	(76,178)	(72,928)	(74,279)	(72,033)	(71,181)	(75,336)	(56,545)	(40,414)	(21,022)	(633,809)
Estimate of future Payments	50,270	58,548	63,428	70,042	87,632	88,226	101,647	90,394	103,909	142,458	856,554
2012 and prior years											841,075
Effect of discounting											(638,259)
Occupational disease											95,343
Firefighter Presumptive Coverage											49,790
Claims Administration											126,473
Prior Year Benefit Adjustment											2,130
Benefit Liabilities at December 31, 2022											\$ 1,333,106

16. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)

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

	2022		2021	
	CPI-Indexed awards	Other payments	CPI-Indexed awards	Other payments
Gross rate of return / Discount Rate	5.50%	5.50%	5.25%	5.25%
Inflation Year 1	5.60%	2.00%	1.50%	2.00%
Inflation Year 2	5.60%	2.00%	4.00%	2.00%
Inflation Year 3	2.60%	2.00%	2.00%	2.00%
Inflation later years	2.00%	2.00%	2.00%	2.00%
Net rate of return year 1	-0.10%	3.50%	3.75%	3.25%
Net rate of return year 2	-0.10%	3.50%	1.25%	3.25%
Net rate of return year 3	2.90%	3.50%	3.25%	3.25%
Net rate of return later years	3.50%	3.50%	3.25%	3.25%
Occupational disease	9.00%	9.00%	9.00%	9.00%
Presumptive firefighters coverage	4.70%	4.70%	3.25%	3.25%
Future administration	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 investments 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.

16. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)

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 earnings loss benefits and maximum compensable earnings and assessable earnings, pursuant to the Act. The inflation rate assumption for later years is management's 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 2018-20 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 (2021 – 9.0%).

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 2022 concluded a reasonable estimate would be 4.70% of the benefit liability (2021 – 3.25%).

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 completed the most recent analysis in 2017, and concluded that an allowance of 10.5% of the benefit liability was reasonable (2021 – 10.5%).

16. BENEFIT LIABILITIES AND CLAIMS COSTS (continued)

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 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	\$ 92.4	\$ 6.3
Increase inflation rate	Increase	\$ 31.5	\$ 2.5
Increase health care inflation	Increase	\$ 49.0	\$ 1.8

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.

17. EMPLOYEE FUTURE BENEFITS

Public Service Pension Plan

WorkplaceNL's contributions to the PSPP of \$2,251,850 [2021 - \$2,354,300] are included in administration expenses and have been expensed as incurred. The expected contributions to the PSPP in 2023 are \$2,450,000.

Severance payments and annual leave

Cash payments for annual leave were \$197,000 [2021 - \$23,000] and severance were \$53,000 [2021 - Nil]. The weighted average time to expected benefit payment is 10.0 years [2021 - 11.0].

17. EMPLOYEE FUTURE BENEFITS (continued)

(thousands of dollars)	2022	2021
Accrued benefit obligation, beginning of year	\$ 1,721	\$ 1,656
Current service cost	228	18
Past service cost	-	-
Interest cost	82	40
Benefit expense	310	58
Actuarial (gain) loss	(234)	30
Benefits paid	(250)	(23)
Accrued benefit obligation, end of year	\$ 1,547	\$ 1,721

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

	2022	2021
Discount rate – benefit cost	3.00%	3.00%
Discount rate – accrued benefit obligation	5.00%	2.80%
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)	\$ 20
Rate of compensation increase	\$ 21	\$ (32)

18. ADMINISTRATION

(thousands of dollars)	2022	2021
Salaries and employee benefits	\$ 29,032	\$ 28,609
Office and communications	3,475	2,557
Professional fees	1,146	1,246
Building operations	757	715
Travel and vehicle operating	139	46
	34,549	33,173
Less: Claims administration [note 16]	15,077	14,923
	\$ 19,472	\$ 18,250

19. LEGISLATED AND OTHER OBLIGATIONS

WorkplaceNL is required by legislation to fund the operating costs of the Occupational, Health and Safety Division of Digital Government and Service NL 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)	2022	2021
Digital Government and Service NL	\$ 4,884	\$ 4,570
Workplace Health, Safety and Compensation Review Division	1,336	1,389
Employer and Worker Advisors	1,030	1,019
Statutory Review	-	97
	\$ 7,250	\$ 7,075

20. OTHER EXPENSES

Other expenses in 2022 include \$4,815,616 information systems projects cost related to software as a service (2021 - \$2,916,600).

(thousands of dollars)	2022	2021
Sector advisors and grants	\$ 838	\$ 858
(Recovery) bad debt	(1,078)	215
Information systems projects	4,854	3,068
	\$ 4,614	\$ 4,141

21. 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 2022, \$239,193 was charged to the reserve [2021 - \$6,052] and \$1,000,000 was allocated to the reserve in accordance with Section 116 of the Act.

22. 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.

22. RELATED PARTY TRANSACTIONS (continued)

The provincial government is also a self-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)	2022	2021
Claims costs	\$4,649	\$4,133
Administration charges	887	714
	\$5,536	\$4,847

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)	2022		2021	
	Number	Total	Number	Total
Board of Directors				
Salary and Benefits	10	\$ 70	10	\$ 78
Senior Management				
Salary and Benefits	8	\$ 996	8	\$ 1,132

23. 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' ability to pay assessments. WorkplaceNL's funded position is defined by the relationship of total assets to total liabilities and reserves. At December 31, 2022 the funded ratio was 116.2% [2021 – 132.3%]. The Fund balance consists of accumulated net operating surplus, accumulated other comprehensive income and the occupational health, safety and research reserve.

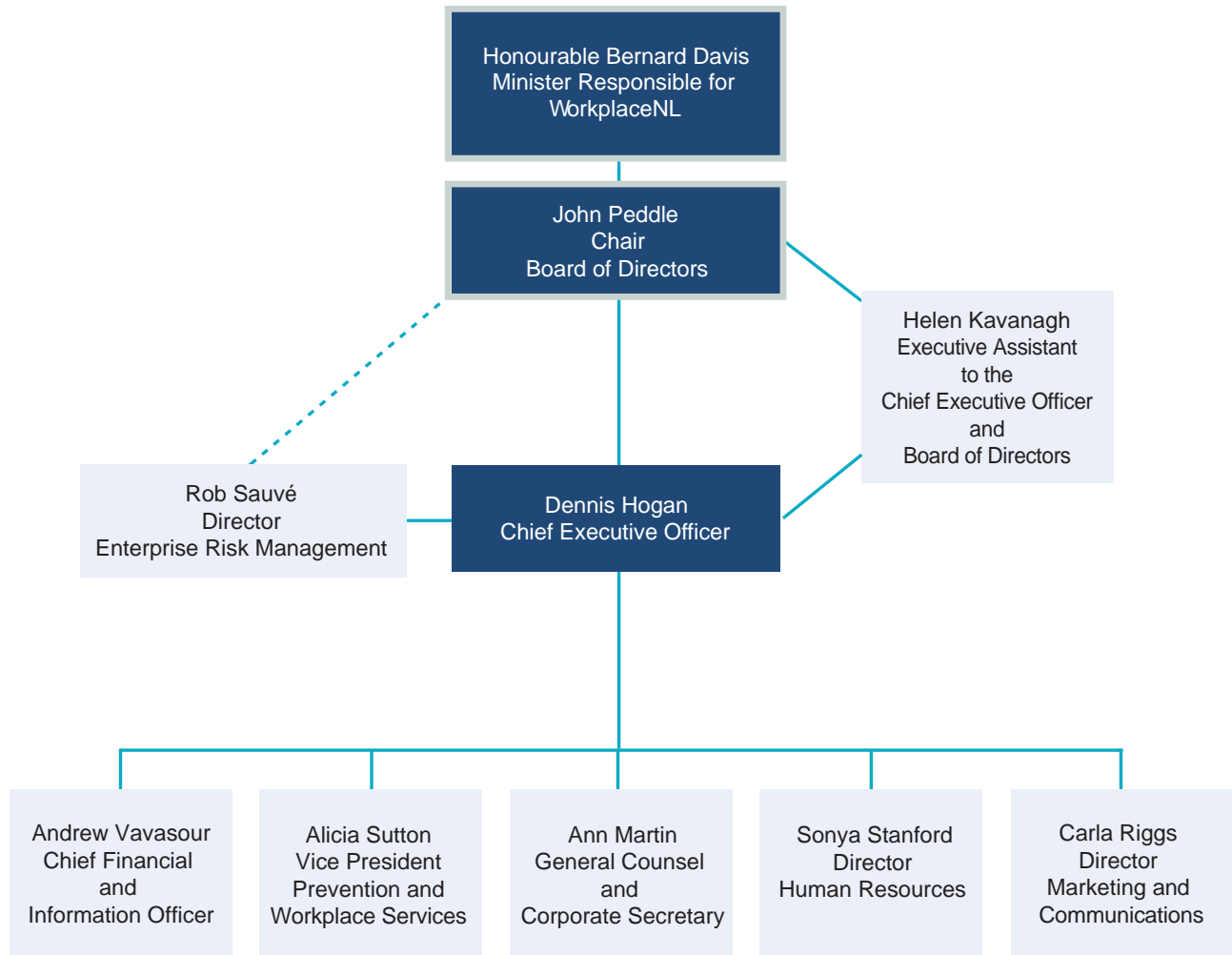
23. CAPITAL MANAGEMENT (continued)

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 15-year period.

Funded Position

(thousands of dollars)	2022	2021
Total assets	\$1,584,403	\$1,744,384
Less: Total liabilities	1,358,156	1,314,280
Funded position	\$ 226,247	\$ 430,104
Reserves	\$ 4,807	\$ 4,047
Funded ratio	116.2%	132.3%

Organizational Chart



As of December 31, 2022

WorkplaceNL

Health | Safety | Compensation

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