Getting back is part of getting better.

WorkplaceNL
Health | Safety | Compensation

Annual Performance Report 2023

WorkplaceNL

Our Purpose

To improve quality of life through safe workplaces and support for our clients

Accountability >>>

Respect >>>

Service >>>

Excellence >>>

Integrity >>>

Safety >>>

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This document is available in alternate formats upon request.

email: info@workplacenl.ca
t 1.709.778.1000 t 1.800.563.9000

Message from the Board Chair

I present WorkplaceNL's 2023 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. The Board of Directors is accountable for the contents and results reported within.

This report outlines our achievements and outcomes in 2023 in line with the objectives set out in our 2023-25 strategic plan. Our focus is to: build healthy and safe workplaces, support return to work and recovery after a work-related injury or illness as well as grow strategic partnerships.

We also released our 2023-2028 workplace injury prevention strategy in partnership with the Occupational Health and Safety Division of Service NL.

The 2023 lost-time injury rate reached a historic low of 1.3 per 100 workers (2022: 1.5). At December 31, 2023, the Injury Fund was 121.0 per cent funded (2022: 116.2). The average assessment rate paid by employers in 2023 was $1.90, discounted by $0.21 to $1.69 to help reduce the surplus in the Injury Fund.

However, it now costs more to cover a claim primarily due to benefit changes and inflation. The 2024 base assessment rate has increased to $1.94, discounted by $0.21 to $1.73.

This marks the first year that all Canadian workers' compensation boards are required to use the new accounting standard IFRS-17 Insurance Contracts. This means our financial statements now use short-term market rates to calculate the value of the benefits we owe injured workers – and hence the reported value of our benefit liabilities is expected to fluctuate more than in the past. We will continue to use a long-term perspective to set assessment rates for employers to mitigate this volatility.

We are committed to maintaining a sustainable, employer-funded, no-fault workers' compensation system for our province to provide benefits to injured workers and coverage for employers for years to come.

We know we cannot do this alone, and look forward to working with all of our partners to build a safe province and protect workers and employers.

John Peddle, ICD.D

Chair, Board of Directors, WorkplaceNL

Overview

WorkplaceNL administers Newfoundland and Labrador's mandatory, no-fault workers' compensation system. The system is funded by assessments collected from employers and investment returns.

As of December 31, 2023, our 350 employees (78 per cent female and 22 per cent male) were located in three offices: St. John's (303 employees), Grand Falls-Windsor (19 employees) and Corner Brook (28 employees). On a funding basis, our total revenue was $328.7 million, and total expenses were $257.9 million.

Vision

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

Mandate and Lines of Business

Under the authority of the **Workplace Health, Safety and Compensation Act, 2022** (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.

WorkplaceNL fulfills this mandate through three lines of business:

1. Education on the prevention of workplace injury, illness and occupational disease.
2. Claims management and benefits for injured workers.
3. Employer assessments (no-fault compensation coverage).

These lines of business are supported by departments with specialized knowledge, ensuring WorkplaceNL is effective in serving workers and employers throughout the province.

Board Governance

In accordance with the Act, the Board of Directors (the Board) consists of ten members appointed by the Lieutenant-Governor in Council. The Board also has two non-voting members: Chief Executive Officer of WorkplaceNL and a Provincial Government employee, designated by the Minister responsible for WorkplaceNL.

Chair:

John Peddle

Members representative of workers:

James Farrell

David Hammond

Wayde Rowsell

Members representative of employers:

Patsy Coish-Snow

Wayne Pardy

Gregory Viscount

Members representative of the public:

Lana Collins

Anne Fagan

Injured worker representative (vacant)

Non-voting members

Ann Martin, Chief Executive Officer, WorkplaceNL

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

We thank outgoing members Greg Pretty (worker representative), Jerry Vink (worker representative), Victoria Belbin (employer representative) and David Loveys (employer representative) for their contributions during their terms on our Board of Directors.

At a Glance Statistics

	2023	2022	2021	2020	2019
Injury Rate[1]	1.3	1.5	1.5	1.4 [2]	1.6
Soft-tissue Injury Rate[3]	1.0	1.0	1.1	1.1	1.1
Total New Claims	4,302	4,760	4,407	4,302	5,397
Short-term Disability Claims[4]	3,193	3,540	3,259	3,106	3,720
Health Care Only Claims[5]	1,093	1,190	1,130	1,161	1,651
Accepted Fatality Claims[6]	15	30	18	35	26
Accidents	1	8	3	13	10
Occupational Disease	14	22	15	22	16
Hearing Loss Claims[7]	246	248	162	163	
Claims Denied[8]	400	332			
Short-term Claims Duration (days)[9]	47	42	50	54	45
Average Assessment Rate($)[10]	1.69	1.69	1.69	1.69	1.69
Registered Employer Accounts	17,208	17,355	17,537	17,680	17,931
Employer Assessments ($ million)	153.2	150.3	144.1	131.4	128.4
Claims Costs Incurred ($ million)[11]	193.0	195.0	177.8	176.5	183.1
Fund Balance ($ million)	297.0	226.2	430.1	333.6	301.8
Funded Ratio (%)	121.0	116.2	132.3	125.5	123.4

This data represents a point in time. Data reported in other sources may differ as updates may occur if further claim decisions are made. Financial results presented above are based on the funding basis of accounting method. For more financial and operational statistics and information, please refer to the Management Discussion and Analysis in this document or our website.

1. Number of lost-time claims, accepted and paid, per 100 workers employed.
2. Restated 2020 injury rate to 1.4 from 1.5, due to Statistics Canada's rebased provincial employment levels.
3. Number of soft-tissue injury claims, accepted and paid, per 100 workers employed.
4. Number of new lost-time claims reported, accepted and paid up to March 31 of the following calendar year.
5. Number of new claims with no lost time from work that were reported, accepted and paid up to March 31 of the following calendar year.
6. Number accepted in the calendar year.
7. Reporting the number of hearing loss claims started in 2020. This is a subset of the reported lost-time or health care only claims.
8. Reporting the number of claims that are adjudicated and denied upon initial review, up to March 31 of the following calendar year. These denied claims include health care and lost time claims that have been determined not to be work-related. Started reporting this metric in 2022.
9. The average number of days for which temporary earnings loss benefits are paid for injuries occurring in he same reference year. The dip in short-term claim duration in 2022 was partially due to almost 300 claims related to COVID-19 that had lower than average duration. The annual result would have been consistent without COVID-19.
10. A provisional rate, per $100 of payroll, established before the beginning of the year based on cost estimates charged to employers. Rates for 2019-2023 include the $0.21 discount.
11. Includes current year payments plus expected future payments for all injuries occurring and accepted in the year, excluding actuarial adjustments.

Highlights and Partnerships

New Act now in effect

The Workplace Health, Safety and Compensation Act, 2022, came into effect on September 1, 2023. The Act was revised to use more modern language, address housekeeping issues and align with other legislation. At the time it came into effect, there were no changes to benefits, coverage, obligations or responsibilities for workers, employers or WorkplaceNL.

Improved benefits for workers' dependents

The Act was subsequently amended to provide bereavement counselling services for surviving dependents of workers who, as a result of an injury, died on or after January 1, 2022.

As well, the Workplace Health, Safety and Compensation Regulations were amended to increase the minimum lump-sum payment for surviving dependents from $15,000 to $24,000. The amount will be adjusted annually based on the Consumer Price Index.

Research projects

Our Research Initiatives Program funds research projects to inform innovative, practical and easy-to-implement solutions to prevent workplace injury and illness or re-integrate workers into the workforce, post-injury. We approved funding for four projects in 2023:

1. Evaluating the use of personal flotation devices and personal locator beacons with Newfoundland and Labrador fish harvesters.
2. Sweating the small stuff: The biomonitoring and elimination of fireground carcinogens in the sweat of firefighters.
3. The effect of objectively measured sitting time during work and leisure on back function and perceived low back pain: A pilot study.
4. Identifying barriers to participation in the Certificate of Recognition® Program in the Newfoundland and Labrador construction industry.

Information on other ongoing research projects is posted to our website at: https://workplacenl.ca/about/research/.

More highlights

- Reached a new historic low lost-time injury rate of 1.3 per 100 workers.
- Partnered with the Department of Digital Government and Service NL to launch the Workplace Injury Prevention Strategy 2023-2028 with the vision of healthy workers in safe and productive workplaces.
- Further simplified the Prevention Return to Work Insurance Management for Employers/Employees (PRIME) Program to have two paths, based on employer size. Effective March 1, 2024, more small employers will be added to Path 1 to align with the occupational health and safety (OHS) legislative amendments. Changes for larger, Path 2 employers will roll out in 2025.

- Revised three certification training standards: musculoskeletal injury (MSI) prevention, traffic control person and first aid.
- Partnered with the International Association of Fire Fighters to launch a new provincial firefighter OHS working group. The focus of this group is to educate firefighters and related stakeholders on injury and illness prevention, as well as the importance of early detection and treatment of illness.
- Added an employer registration function to our MyWorkplaceNL online service – making it more convenient for employers to register with us.
- Continued implementation of our Enterprise Resource Planning system, which included a new online Supplier Portal for health care providers and vendors to view purchase orders, submit invoices and view payment information.
- Reconfirmed our commitment to provide services that are accessible and inclusive in our Accessibility Plan 2024-2026. As we move forward to implement the plan, we will engage with internal and external stakeholders to identify and remove barriers that prevent full access to our services.
- Announced that the 2024 average assessment rate will increase by 2.4 per cent to $1.73 per $100 of assessable earnings, which includes a temporary $0.21 discount. The higher rate is due to increased costs primarily driven by previous legislative changes to expand benefits for workers, as well as inflationary increases.

Statutory review brings positive changes

Workers and employers will benefit from significant progress made in 2023 on recommendations from the 2019 statutory review of the workers' compensation system:

- Issued a public call for input to consider expanding Policy EN-18 Traumatic Mental Stress to include chronic stress from workplace violence and harassment.
- Worked with the Newfoundland and Labrador Fish Harvesting Safety Association to develop a Fishing Vessel Safety Designate Training Program.
- Updated Policy EL-01 Earnings Loss: Benefit Calculation to clarify that employers' contributions to a group or private health benefit plan do not affect workers' benefits.
- Worked with NL Health Services to introduce a new digital Physician's Report (Form MD) through the province's electronic medical record system for physicians.
- Approved funding for two positions with NL Health Services, to promote safety and return to work using an innovative approach.

Detailed progress on many of these recommendations can be found in the Report on Performance section.

Statutory reviews of the workers' compensation system offer an opportunity to respond to feedback from many people, groups, partners and stakeholders. We will continue to implement changes and analyze options, as directed by the Minister Responsible for WorkplaceNL.

Partners

WorkplaceNL works closely with stakeholders 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 for New Canadians
Association of Occupational Health Nurses Newfoundland and Labrador
Association of Workers' Compensation Boards of Canada
Autism Society of Newfoundland and Labrador
Canadian Centre for Occupational Health and Safety
Canadian Mental Health Association
Canadian National Institute for the Blind
Forestry Safety Association of Newfoundland and Labrador
Government of Newfoundland and Labrador
International Association of Fire Fighters
Made Safe NL
Memorial University of Newfoundland
Minister's Advisory Council on Occupational Health and Safety
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 Federation of Labour
Newfoundland and Labrador Fish Harvesting Safety Association
Newfoundland and Labrador Occupational Health and Safety Association
NL Health Services
NLSchools
Paramedic Association of Newfoundland and Labrador
SafetyNL
SeniorsNL
Task Force on Mental Health and Suicide Prevention in Construction
Threads of Life
Workers' Compensation Independent Review Board

Report on Performance

2023 marks the end of the first year of WorkplaceNL's 2023-25 strategic plan. In keeping with the TA Act, the plan identifies strategic issues, three-year goals and objectives for each of the three years.

Our three strategic issues are:

1. Building healthy and safe workplaces
2. Return to work and recovery
3. Growing strategic partnerships

Strategic Issue 1: Building Healthy and Safe Workplaces

Goal 1: By December 31, 2025, WorkplaceNL will have concentrated efforts to impact the safety culture of workplaces.

Through the collaborative efforts of many – workers, employers, government and other safety partners – workplaces have achieved positive health and safety outcomes. In 2023, WorkplaceNL and the Department of Digital Government and Service NL jointly launched a new six-year workplace injury prevention strategy to address current and emerging health and safety issues. The lost-time injury rate has been at a historic low for the past five years, dipping to its lowest in 2023: 1.3 lost-time incidents per 100 workers. This is one of the lowest rates in Canada. Yet, on average, 12 workers are injured in our province every day. We are continuing our efforts to further build a healthy and safe workplace culture throughout the province.

2023 Objective for Goal 1: By December 31, 2023, WorkplaceNL will have commenced program and service enhancements to advance the safety culture of workplaces.

Indicator 1.1: Completed a review of programs targeted at select workplaces that aim to improve safety performance

2023 Results

To support the injury prevention strategy's objective to enhance programs to be more responsive, we completed a review of two programs that aim to improve workplace safety: the Priority Employer Program and the Sector Council Program.

Introduced in 2002, the Priority Employer Program uses a partnership and engagement approach by offering employers with high claim volumes and costs, intensive educational and consultative services to improve their OHS outcomes. We completed a process review of the program to assess its implementation. The review included a survey, interviews and group discussions to collect perspectives from participating employers, WorkplaceNL employees and the OHS Division of the Department of Digital Government and Service NL.

Overall, safety performance indicators and feedback suggest the program is meeting its objective of improving health and safety outcomes for employers experiencing a high frequency of injury and illness and high claim costs. From 2022 to 2023, there were 352 fewer claims for priority employers, resulting in approximately $12 million savings in claims costs. During the five years prior to the review (2018-22), priority employers reduced their claims by almost 11 per cent, serious injury claims by 12 per cent and lost-time injury rates by just over 50 per cent. We plan to begin implementing the program review recommendations in 2024, which address employers' feedback and focus on providing more education and return-to-work services to employers, as well as administrative improvements.

Introduced in 2007, the Sector Council Program promotes industry-led organizations, with representation from workers and employers, to share responsibility for improving OHS and return-to-work outcomes. We began a review of the program in 2022 and concluded it in 2023. The review identified several opportunities for improvements, including replacing the Sector Governance Forum with a different way to share information amongst councils, standardizing the process for financial reporting and reviewing the sector advisor role to enhance how they support councils. Changes to the Sector Council Funding Guidelines began in 2023 to help councils plan long-term projects and budgets. Councils were also encouraged to increase education efforts on the PRIME Program and early and safe return to work (ESRTW). Further changes to the program will continue into 2024.

Understanding the impact that a supervisor can have on the safety climate of a workplace we also reviewed completion statistics for the training services offered for supervisors. As a result, we implemented a targeted approach within the health care sector and trained over 1,000 employees in their legislative requirements as a supervisor.

Indicator 1.2: Implemented new education tools in health, safety and return to work for small workplaces

2023 Results

The PRIME Program is WorkplaceNL's employer incentive program. Through PRIME, employers can lower their assessment rates by meeting practice requirements and managing claim costs through ESRTW programs. We rolled out changes to the program in 2023 to further impact the lost-time injury rate. The revised program focuses on increasing OHS education for small employers and OHS certification for larger employers to help create safer workplaces. In January 2023, we launched two new courses for small employers:

- OHS Committee, Worker Health and Safety Representative and Designate Certification Training – Level 1: to provide participants with the knowledge and skills required to fulfill their legislated duties as committee members, representatives or designates. The certification is valid for three years.
- Introduction to Early and Safe Return to Work: to help employers and workers understand the process to work safely after an injury or recover at work, if appropriate.

Another two courses were developed in 2023 and will be launched in January 2024: Introduction to Finding and Managing Hazards in the Workplace and Introduction to MSIs. These new courses help advance the 2023-28 workplace injury prevention strategy objective to provide timely education, training and technology.

Throughout the period, we notified small employers of the revisions to the PRIME Program, provided individual assistance as needed and delivered two webinars outlining the new requirements.

A firefighter OHS working group was established in 2023 to develop education tools for cancer prevention, mental health, and health surveillance. The group is committed to developing an online course in relation to cancer prevention for the profession and a guide for physicians with firefighters in their care. This work supports the injury prevention strategy's objective to leverage partnerships.

Discussion of overall results

WorkplaceNL met its objective of commencing program and service enhancements to advance the safety culture of workplaces by:

- Reviewing two significant programs aimed at improving workplace health and safety outcomes: the Priority Employer Program and the Sector Council Program.
- Training supervisors on their legislative requirements.
- Providing new health and safety courses for small employers.
- Promoting and providing support to small employers for the new PRIME requirements.
- Establishing a firefighter OHS working group.

We will continue these efforts in 2024 to reach our overall goal of concentrating efforts to impact the safety culture of workplaces.

Looking Forward – 2024 Building Healthy and Safe Workplaces Objective and Indicators

2024 Objective: By December 31, 2024, WorkplaceNL will have continued program and service enhancements to advance the safety culture of workplaces.

Indicator 1.1 Updated programs and services to align with operational and legislative improvements

Indicator 1.2 Began development of resources that support today's workplaces

Strategic Issue 2: Return to Work and Recovery

Goal 2: By December 31, 2025, WorkplaceNL will have modified delivery approaches that support return-to-work and recovery from workplace injuries.

WorkplaceNL remains committed to supporting workers who experience a work-related injury or illness through individualized approaches – helping workers stay active in the workplace while they recover, wherever possible, or helping them return to the workplace when it is safe to do so. We are also committed to continuous improvement by reviewing our processes to improve how we deliver service to our clients and partners.

2023 Objective for Goal 2: By December 31, 2023, WorkplaceNL will have commenced enhancements to return-to-work and recovery approaches.

Indicator 2.1: Initiated a review of programs and services to improve return-to-work and recovery approaches

2023 Results

In 2023, we completed a process review of our Traumatic Psychological Injury (TPI) Program to identify what is working well and areas for improvement. Introduced in 2022, the TPI Program piloted a multidisciplinary approach to treatment, focused on providing earlier access to effective, trauma-informed mental health services and improving recovery, rehabilitation and return to work when possible.

The review included analyzing qualitative and quantitative data captured by the service provider and WorkplaceNL. Preliminary results recommend the program continue into 2024, with improvements to program administration and enhanced trauma processing to support workers through their recovery and return to work. Evaluation of the program will continue in 2024.

We also began researching options to strengthen labour market re-entry approaches and evaluating the effectiveness of employment readiness services. We held a panel discussion with all other Canadian workers' compensation boards to understand their approaches. Further work is expected in 2024 to build on this, including more consultation with other jurisdictions.

Several services were reviewed in 2023, to help facilitate changes to support return-to-work and recovery approaches within the next three years. Examples include:

- The Health Care Services Department was assessed and restructured so resources could focus more on education of health care service providers and research on new delivery models, such as care pathways.
- As one of the primary partners supporting recovery from injuries, training options for health care providers were reviewed. Eighty seats were secured through the American College of Environmental and Occupational Medicine for community health care providers to avail of the occupational medicine program "Getting Your Patients Back to Work: Work Disability Prevention for Clinicians." The program provides continuing education credits for health care professionals and educates them on the value of work in the injury recovery process.
- The contract with our prescription drug administrator was reviewed to identify efficiencies in the medication approval process and cost savings. Continuous improvement projects, such as decreasing the number of formularies and using generic drug equivalencies, will begin in 2024.
- Our approach to case management was reviewed to support a transition to a wellness model. We trained approximately 70 case management employees in a new approach that focuses on the worker, using the latest research in work disability prevention, client engagement skills and return-to-work strategies.
- Training and awareness materials from Prevention Services were reviewed, to support return to work and prevent worsening high-cost injuries like MSIs and mental stress. We developed three new return-to-work podcasts, delivered four new webinars to guide returning to work and expanded content available through our digital Guide to OHS Legislation by adding a return-to-work topic.

Indicator 2.2: Identified key performance baselines, measures and measurement tools to monitor recovery and return-to-work outcomes.

2023 Results

Throughout 2023, we reviewed our data to improve performance measurement and monitoring. We posted new return-to-work and recovery from injury metrics to our website, which provide transparency in monitoring outcomes in these areas. The metrics include claim duration, the number of workers participating in an ESRTW program, the number of new extended earnings loss claims, the number of workers who returned to work, the number and percentage of workers who returned to work within 180 days and the costs of those claims.

We will continue to report these metrics publicly and review our progress each year.

We researched best practices in program evaluation and accountability frameworks to develop a corporate-wide approach moving forward. A framework has been developed and two programs were chosen to test the framework, which will help us understand the best approach to applying such a framework within WorkplaceNL.

Discussion of overall results

WorkplaceNL met the 2023 objective of commencing enhancements to return-to-work and recovery approaches by:

- Initiating a review of the Traumatic Psychological Injury Program and employment readiness services.
- Reviewing several services to identify improvements.
- Identifying and publishing key performance statistics.
- Researching best practices in program evaluation and accountability frameworks.

We will continue these efforts in 2024 to reach our overall goal of modifying delivery approaches that support return to work and recovery from workplace injuries.

Looking Forward – 2024 Return to Work and Recovery Objective and Indicators

2024 Objective: By December 31, 2024, WorkplaceNL will have continued enhancements to return-to-work and recovery approaches.

Indicator 2.1 Continued a review of programs and services to improve return-to-work and recovery approaches

Indicator 2.2 Improved business processes that support return to work and recovery

Strategic Issue 3: Growing Strategic Partnerships

Goal 3: By December 31, 2025, WorkplaceNL will have strengthened partnerships with organizations, industries and employers to improve programs and services.

Growing strategic partnerships helps us achieve our collective purpose – improving the quality of life of the people of Newfoundland and Labrador through safe workplaces and support for our clients. As previously mentioned, the collaborative efforts of all workplace parties have resulted in improving workplace safety. Continued collaboration is critical to lessen the impacts of work-related injury and illness on workers, families, employers and communities.

2023 Objective for Goal 3: By December 31, 2023, in collaboration with our partners, WorkplaceNL will have commenced the implementation of innovative program changes.

Indicator 3.1: Consulted with key partners to develop solutions that impact WorkplaceNL's mandate

2023 Results

WorkplaceNL worked with the Association for New Canadians to provide educational resources to their staff and clients. We delivered a training session with their Newcomer Entrepreneurship Training group on how to register a company with WorkplaceNL, health and safety considerations for a new company and how to report and manage a work-related injury.

We issued a public call for input to consider expanding Policy EN-18 Traumatic Mental Stress to include chronic stress from workplace violence and harassment. The information received will be used to assess options to address chronic stress as it relates to workplace violence and harassment.

We approved funding over three years for two positions with NL Health Services to promote safety, injury prevention and return to work. This initiative will be overseen by a committee with representatives from the employer, labour and WorkplaceNL. This approach builds on the successes of prior initiatives where resources embedded in the workplace made a direct impact.

We launched the 'Getting back is part of getting better campaign' in partnership with the Atlantic workers' compensation boards. It showed workers recovering at work, doing what they can, returning to a routine, receiving medical treatment and staying connected with their workplace. These are all important in the healing process and in getting back to doing the things they love. The campaign ran on local television stations as well as social media and digital platforms.

In 2023, we worked extensively with partners to develop a new Mine Rescue Certification Training Program. This work was supported by the Mine Rescue Technical Advisory Committee, which includes representatives from the Department of Justice and Public Safety, the Department of Digital Government and Service NL and representatives from the five underground mines currently operating in the province. A revised standard was developed, along with a new training curriculum and mine rescue response procedures. Implementation of the new training program will occur in 2024.

Indicator 3.2: Identified program and service delivery changes, in collaboration with partners

2023 Results

We worked with the Newfoundland and Labrador Fish Harvesting Safety Association to develop a Fishing Vessel Safety Designate Training Program, available as of December 13, 2023. The course is tailored to the unique safety challenges in the fishing industry and meets provincial training requirements prescribed in OHS Regulations. Fish harvesters completing the course are certified as a Fishing Vessel Safety Designate for their vessel, and receive five land-based education credits with the Professional Fish Harvesters Certification Board.

In collaboration with NL Health Services, we launched a new digital Physician's Report (Form MD) through the province's electronic medical record system for physicians. The new digital format helps ensure we receive complete and legible medical and functional abilities information, resulting in more efficient processing and decision-making on claims and better service to our clients.

We collaborated with the Workers' Compensation Independent Review Board (WCIRB) to formulate the triage process for information WorkplaceNL receives on a claim while a review is pending at WCIRB, on a related decision. A visual alert helps case managers identify new information that may be relevant for WCIRB to consider, helping to ensure timely reviews and a fair outcome for the client. This process is proving successful, and will be implemented as a formal procedure in 2024.

Many of the collaborative efforts under this indicator and indicator 3.1 supported recommendations from the 2019 statutory review. They also helped advance the 2023-28 workplace injury prevention strategy objectives to: champion a culture of health and safety; enhance programs to address the changing workplace; leverage partnerships and provide timely education, training and technology.

Discussion of overall results

With our partners, we met the 2023 indicator of commencing the implementation of innovative program changes. Throughout the period, we consulted or collaborated with partners to:

- Educate new Canadians in occupational health and safety.
- Assess options to address chronic stress as it relates to workplace violence and harassment.
- Establish an approach with NL Health Services to promote safety and injury prevention.
- Launch a new multi-jurisdictional promotional campaign.
- Develop a new Mine Rescue Certification Training Program.
- Develop a new Fishing Vessel Safety Designate Certification Program.
- Launch a new digital Physician's Report (Form MD).
- Develop a process to identify if new claim information is relevant to an ongoing WCIRB decision review.

We will continue these efforts into 2024 to reach our overall goal of strengthening partnerships with organizations, industries and employers to improve programs and services.

Looking Forward – 2024 Growing Strategic Partnerships Objective and Indicators

2024 Objective: By December 31, 2024, in collaboration with our partners, WorkplaceNL will have continued the implementation of innovative program changes.

Indicator 3.1 Consulted with partners to begin implementing solutions that impact WorkplaceNL's mandate

Indicator 3.2 Initiated program and service delivery changes, in collaboration with partners

Opportunities and Challenges

Preventing injury and illness

WorkplaceNL recognizes the valued contributions of employers, workers, and all safety partners to reduce the injury rate to historic lows over the past five years. The lost-time injury rate was 1.3 per 100 workers in 2023, a dramatic improvement over the high of 5.2 in 1989.

We thank all workplace parties and safety partners for their work thus far, and look forward to their continued leadership and collaboration as we implement the 2023-2028 workplace injury prevention strategy for the province.

Return to and recovery at work

We believe that getting back is part of getting better. It involves staying connected to routines, getting supports for your injury or illness and focusing on what you can do, not what you cannot. This helps to mitigate emotional and financial impacts, and the effect this may have on workers, their families and their employers.

We continue to work with employers and workers on safe return-to-work plans, including recovering at work where medically appropriate. We will continue to explore approaches to provide workers with a better opportunity to recover at or return to work.

Rising claims costs

The average assessment rate that employers pay will increase by four cents in 2024 in response to rising costs. With changes to benefits and inflation, it costs more to cover wage-loss benefits and health care services for work-related injury claims.

Preventing injuries and implementing appropriate return-to-work programs will help create safer workplaces while managing costs.

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.

Fluctuations in global financial markets, due to inflation, interest rates and geopolitical developments, may impact our Injury Fund investments. We will continue to maintain a long-term view and diversified investment portfolio to mitigate these impacts.

Innovating service delivery

We recognize that there are more opportunities to make services even more accessible and modern for our clients and stakeholders. We will use feedback from clients, health care providers and vendors, and consider technology trends and best practices in service delivery in the public sector.

We will continue to offer many service options to our clients – including digital, telephone, in-person and mail.

Management Discussion and Analysis December 31, 2023

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. The MD&A and the accompanying audited International Financial Reporting Standards (IFRS) financial statements reflect amounts and information available as of the reporting date. The Board of Directors (Board) has approved the MD&A following the recommendation of the Financial Services Committee.

Forward Looking Information

This report contains forward-looking information 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 information includes, but is 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 benefit claims experience; changes in accounting standards and other risks, known or unknown.

The reader is cautioned not to place undue reliance on forward-looking information contained within this report.

Significant Material Accounting Policy Changes in 2023

The International Accounting Standards Board (IASB) has issued IFRS 17 Insurance Contracts, effective for annual reporting periods starting on or after January 1, 2023. This new accounting standard covers how to recognize, measure, present and disclose insurance contracts.

Since 2011, publicly accountable enterprises in Canada are required to prepare financial statements in accordance with IFRS. All workers' compensation boards across Canada use IFRS for financial reporting. Accounting standards issued by the IASB are mandatory for organizations in order to comply with IFRS. IFRS 17 update replaces IFRS 4 Insurance Contracts, which was issued in 2004.

WorkplaceNL implemented IFRS 17 Insurance Contracts effective January 1, 2023. The accounting policies based on IFRS 17 have been applied on a retrospective basis. The consolidated financial statements have been restated for January 1, 2022 and December 31, 2022.

Using this new standard changes financial reporting for all Canadian workers' compensation boards. However, the economic fundamentals of these organizations have not changed. Their financial viability, leading to their ability to protect the funds available for injured workers and provide stable assessment rates for employers, requires a long-term financial view.

While the move to IFRS 17 affects WorkplaceNL's reported IFRS-based financial results, it does not change how we operate, our funding ratio target, our investment portfolio, the assessment rates employers pay or workers' benefits.

WorkplaceNL will use a long-term view to determine our funding results and assessment rates – continuing to use financial information based on a going concern ("funding basis") of accounting method. This will mitigate volatility in assessment rates paid by employers in response to volatility in the financial market. This aligns with the objectives of our policy IF-01 Long-term Financial Strategy to maintain a funded position that will provide for the security of benefits promised to injured workers within employers' reasonable ability to pay.

Note to Readers on How to Read the MD&A

The IFRS 17 financial performance section of this MD&A should be read in conjunction with the consolidated audited financial statements and accompanying notes for the year ended December 31, 2023. As a result of the implementation of IFRS 17, some assets, liability, income and expenses will not match our 2022 Annual Performance Report as the 2022 MD&A was prepared using the previous IFRS 4 Insurance Contract standard.

We will continue to use the funding basis to determine funding financial results, the funded ratio and manage overall operations. WorkplaceNL Policy IF-01 Long-term Funding Strategy was updated in 2023 to reflect that the funded ratio is based on the funding basis method. As such, a detailed analysis of the funding financial results are presented below.

Funding Basis

Funding Basis of Accounting Results Compared to IFRS 17

The funding basis financial results use the same accounting method as previous years. It uses a discount rate based on WorkplaceNL's long-term expected rate of return to value the benefit liabilities, which is consistent with the long-term duration of many claims. In comparison, IFRS 17 uses a discount rate generated from a point-in-time market-based interest rate, which may cause significant fluctuations in the value of the liabilities for incurred claims (formerly known as benefit liabilities under IFRS 4).

Funding basis financial results continues to present assets, liabilities, revenues, and expenses in the same format as prior years. In contrast, IFRS 17 requires significant changes to the presentation of the statement of financial position and the statement of comprehensive income. Specifically, IFRS 17:

- Presents all amounts related to insurance contracts as insurance contract liabilities on the statement of financial position – including receivables, payables and accruals related to the fulfillment of the insurance contracts.

- Requires insurance service results (assessment revenue less all expenses in relation to the fulfillment of insurance contracts) to be presented separately from insurance financing (interest expense relating to growth in liabilities for incurred claims plus any changes in interest rates due to differences in the market yield curves between the beginning and the end of the year) on the statement of comprehensive income.
- Presents investment income, other revenues and expenses separately.

The funding basis results are expected to be more stable over the longer term and may be materially different from the IFRS 17 basis in any particular year.

Financial Highlights

	Funding Basis		IFRS 17 Basis	
($ millions)	2023	2022	2023	2022 Restated
Investments	1,644.6	1,545.0	1,644.6	1,545.0
Total assets	1,680.7	1,584.4	1,670.2	1,574.8
Benefit (insurance contract) liabilities	1,356.6	1,333.1	1,447.2	1,365.5
Total liabilities	1,383.7	1,358.2	1,455.2	1,373.5
Fund balance	297.0	226.2	215.0	201.3
Reserves	5.0	4.8	5.0	4.8
Funded ratio	121.0%	116.2%	114.4%	114.2%
Discount rate	5.75%	5.50%	4.85%	5.25%
Total comprehensive income (loss)	71.0	(203.7)	13.9	6.3
Average assessment rate	$ 1.69	$ 1.69	$ 1.69	$ 1.69
Rate of return on investments	11.6%	-5.7%	11.6%	-5.7%

Notes:

- Investments are accounted the same under the funding basis and IFRS 17 basis.
- Under IFRS 17, insurance contract liabilities include the liabilities for remaining coverage and liabilities for incurred claims.
- Funded ratio is total assets divided by total liabilities and reserve.
- Discount rate is the rate used for the actuarial valuation of the benefit liabilities/ liabilities for incurred claims.
- Average assessment rate has $0.21 discount applied in 2023 and 2022 in accordance with the funding policy.

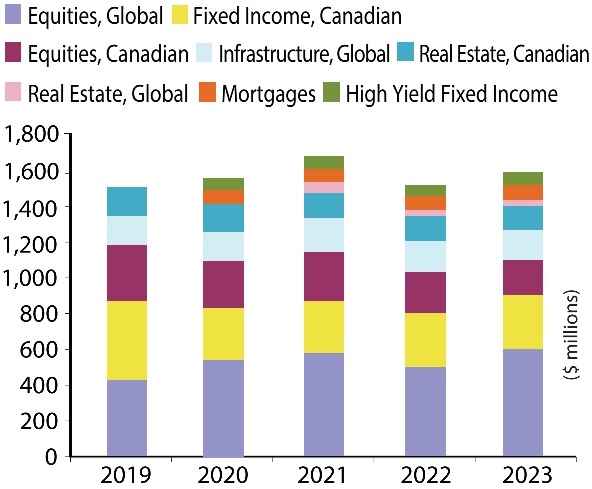
Investments

	Funding Basis	
($ millions)	**2023**	**2022**
Investments	1,644.6	1,545.0

WorkplaceNL's Injury Fund is a diversified investment portfolio that provides for the security of benefits due to injured workers. The fair value of the Injury Fund increased $99.6 million to $1,644.6 million at December 31, 2023 from $1,545.0 million at the end of 2022. This reflects investment gain of $171.8 million and withdrawals of $70.0 million to fund benefit payments and operations.

Figure 1 illustrates the Injury Fund value and asset mix over five years.

Figure 1. Injury Fund Value and Asset Mix Over Five Years



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 manage the Injury Fund given that the majority of benefits promised to injured workers extends many years.

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 to select a manager and evaluate performance. The Long-term Investment Policy documents the long-term asset mix target, the return objectives, acceptable investments and limits on risk concentration.

The asset mix at December 31, 2023 varies 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.

Asset Mix Targets and Tolerance Ranges at December 31, 2023		
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 %

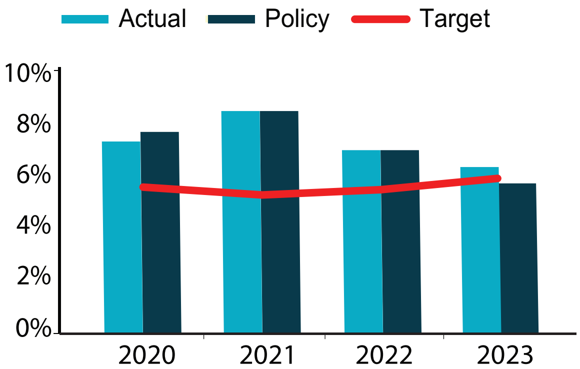
WorkplaceNL undertakes an asset liability study approximately every three years. The study reviews the asset allocation strategy of our investment portfolio – testing asset mixes under a range of economic scenarios to recommend a mix that provides for anticipated higher long-term returns and meets our funding objectives within acceptable risk levels. It considers three elements: maintain a funded position that will provide for the security of benefits to injured workers; the liability structure; and the long-term risks and diversification attributes of each primary asset class.

An asset liability study was finalized in December 2023, with a new asset mix effective January 1, 2024. As a result, the December 31, 2024 financial statements will reflect the following changes in asset mix: 10 per cent Canadian Equity (down from 15 per cent), 0 per cent High Yield Fixed Income (down from five per cent) and 10 per cent Private Debt (up from 0 per cent).

An objective of the Injury Fund is to exceed the return of the benchmark portfolio on a four-year moving average basis. The benchmark return is the return the Injury Fund would have earned had each asset class achieved the return of its respective passive index.

Figure 2 summarizes the actual, benchmark and long-term target returns for four years.

Figure 2. Four-Year Annualized Returns



WorkplaceNL sets a long-term investment target that considers the long-term expected returns, net of investment fees. Management estimates the long-term target rate of return for the investment portfolio to be 5.75 per cent for 2023 (5.50 per cent for 2022).

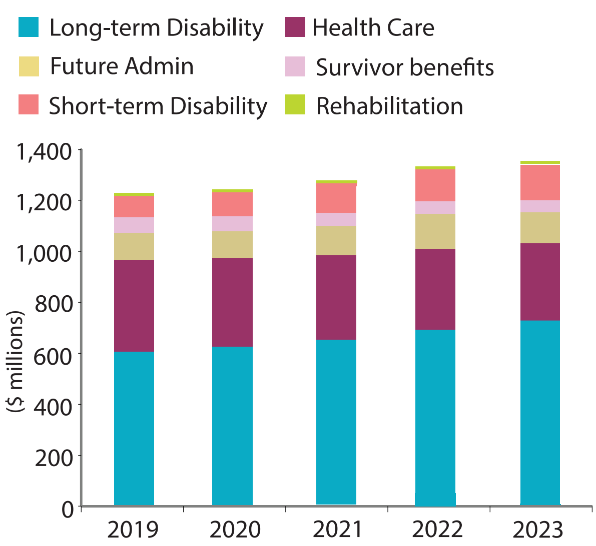
For the four-year period ending December 31, 2023, the Injury Fund earned an annualized return of 6.24 per cent, which was above the four-year benchmark of 5.66 per cent over the same period.

Benefit Liabilities

	Funding Basis			
	2023		2022	
($ millions)	$	%	$	%
Long-term disability	731.6	54%	701.7	53%
Health care	302.1	22%	315.1	24%
Future administration	128.9	10%	126.5	9%
Survivor benefits	41.8	3%	45.4	3%
Short-term disability	144.6	11%	137.2	10%
Rehabilitation	7.6	1%	7.2	1%
Benefit liabilities	**1,356.6**	**100%**	**1,333.1**	**100%**

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, 2023, and the future cost of administering those claims. WorkplaceNL has also included a provision for future claims related to potential occupational disease claims expected to arise after December 31, 2023 due to exposures incurred in the workplace prior to December 31, 2023.

Figure 3. Benefit Liabilities - Funding Basis



Benefit liabilities increased $23.5 million, or 1.8 per cent, from $1,333.1 million at the end of 2022, to $1,356.6 million at the end of 2023 (see figure 3).

The main components of the increase to the benefit liabilities are $19.7 million for new long-term disability awards granted in 2023 with a liability higher than expected, $15.7 million for changes in the expected number of extended earnings loss claims in response to emerging experience, an experience loss of $2.6 million for short-term disability and rehabilitation. This is partially offset by an experience gain of $3.2 million in health care and the decrease of $18.9 million due to the increase in the discount rate from 5.50 per cent to 5.75 per cent.

The actuarially reviewed discount rate represents the best estimate of the long-term average return that can be expected based on the benchmark asset allocation. The weighted average real rate of return of 3.75 per cent is compounded by the long-term inflation rate of 2.0 per cent to obtain the gross rate of return of 5.75 per cent.

The underlying assumption is that investment income will be earned at an annual rate that is 3.75 per cent higher than the annual rate of long-term inflation.

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 2023 was 5.60 per cent. Assumed inflation rates of 5.60 per cent, 3.20 per cent and 2.20 per cent were used for 2024, 2025, 2026 in this year's valuation compared to previous assumed rates of 5.60 per cent for 2024, 2.60 per cent for 2025 and 2.00 per cent thereafter. The long-term inflation rate used was 2.00 per cent and is consistent with the prior year.

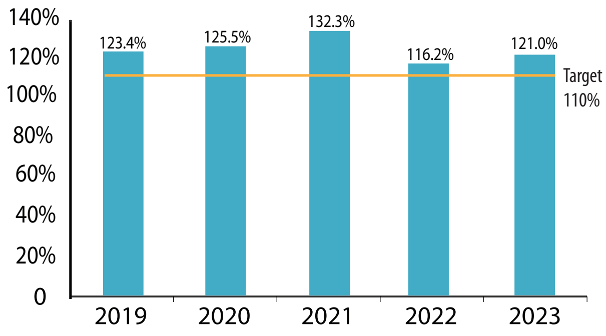
Funding Policy and Funded Ratio

The Funding Policy guides WorkplaceNL's response to external factors, such as volatile investment markets, in a controlled and responsible manner.

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.

Figure 4 depicts the five-year history of funded ratio versus target ratio.

Figure 4. Funded Ratio



Assessment rates for each year are established at a level that, along with investment revenue sources, will generate sufficient revenue to cover the anticipated cost of new injuries in the year. 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.

Since 2019, the average assessment rate includes a $0.21 discount aimed at returning the funded ratio to 110 per cent.

The calculation of the funded ratio is based on the funding basis method calculated by dividing total assets by total liabilities and reserve. This allows for a comparison to the funding policy and comparison to historical funding information.

The funded ratio increased from 116.2 per cent at December 31, 2022 to 121.0 per cent at December 31, 2023. This is primarily a result of positive investment returns of 11.6 per cent due to global financial markets recording gains across most asset classes following negative returns in 2022.

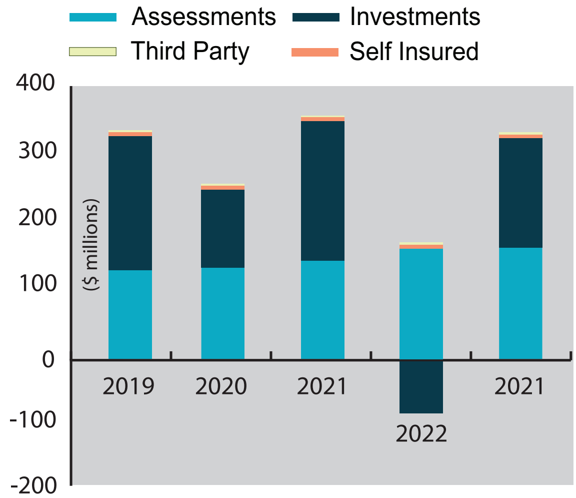
Funding Basis Summary of Revenues and Expenses

	Funding Basis	
($ millions)	**2023**	**2022**
Assessments revenue	153.2	150.3
Investment income (loss)	171.8	(91.1)
Other revenue	3.6	2.8
	328.7	62.0
Claims cost incurred	193.0	195.0
Actuarial adjustments	16.7	28.1
	209.7	223.1
Administration	20.0	19.5
Legislated obligations	8.1	7.3
Fees and interest	9.3	8.0
Amortization and depreciation	3.5	3.4
Other expenses	7.3	4.6
	257.9	265.9
Operating surplus (deficiency)	70.8	(203.9)
Other comprehensive income	0.2	0.2
Total comprehensive income (loss)	**71.0**	**(203.7)**

Revenue

WorkplaceNL's revenue sources are assessments paid by employers for workplace injury coverage, investment income, and other revenue from self-insured administration fees and third-party recoveries. In 2023, revenue totaled $328.7 million, a $266.7 million increase from 2022 revenue of $62.0 million (see figure 5), driven by investment gains both realized and unrealized.

Figure 5. Revenue

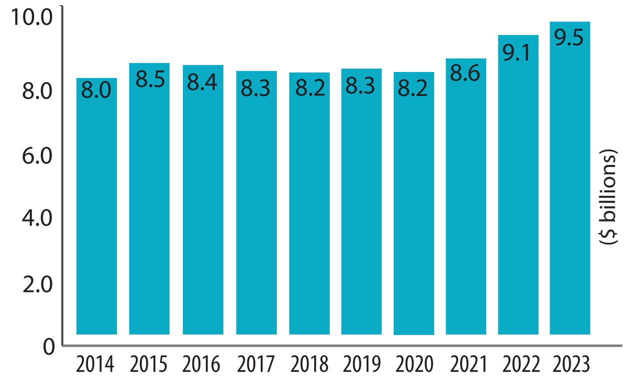


Assessment Revenue

Assessment revenue from rate-based employers increased 1.9 per cent to $153.2 million in 2023 from $150.3 million in 2022. Revenue from assessments, as per note 16 of the financial statements, consists of base assessments as well as practice and experience incentives, refunds and charges disbursed and collected through the PRIME program.

The increased revenue is due to a five per cent increase in employer assessable payrolls, to $9.55 billion in 2023 compared to $9.1 billion in 2022 (see figure 6). Most sectors grew, led by the construction, finance and insurance as well as accommodations, food and beverage industries. The fishing industry experienced the greatest decline.

Figure 6. Assessable Payroll



The average base assessment rate paid by employers in 2023 continued to be $1.69 per $100 of assessable payroll, which includes a temporary $0.21 discount.

The average base assessment rate for 2024 has increased to $1.73 primarily as a result of rising claims costs. The $0.21 temporary discount has been continued for 2024 and reflected in the $1.73 average rate.

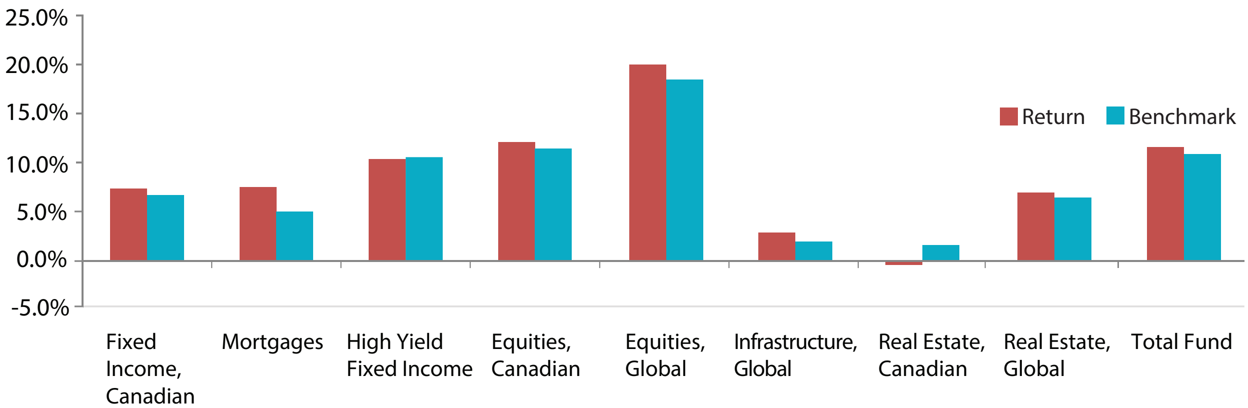
Investment Income

	Funding Basis	
($ millions)	**2023**	**2022**
Investment income (loss)	171.8	(91.1)
Rate of return on investments	11.6%	-5.7%

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 2023, WorkplaceNL's investment income (loss) was $171.8 million (2022 – ($91.1) million). The Injury Fund had a rate of return of 11.6 per cent (2022 – -5.7 per cent) compared to the long-term target of 5.75 per cent. Figure 7 shows the 2023 fund return by asset class.

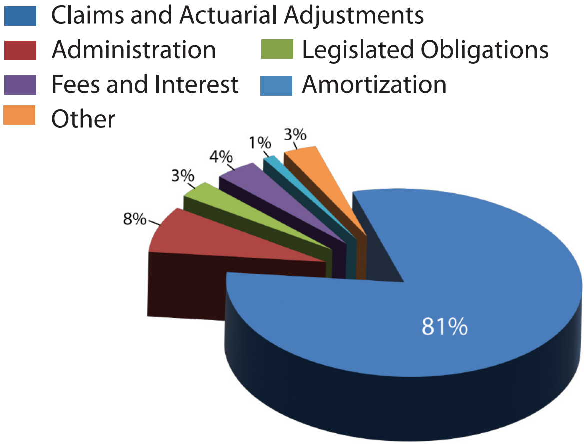
Figure 7. 2023 Returns by Asset Class



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 and comprise 81 per cent (2022 – 84 per cent) of expenses (see figure 8).

Figure 8. Total Expenses 2023 Funding Basis



Claims Costs

	Funding Basis	
($ millions)	**2023**	**2022**
Claims costs incurred		
Short-term disability	57.4	54.7
Long-term disability	72.6	70.7
Survivor benefits	3.0	4.7
Health care	41.3	46.2
Rehabilitation	2.4	2.2
Future administration costs	16.3	16.5
Subtotal	193.0	195.0
Actuarial adjustments	16.7	28.1
Total	**209.7**	**223.1**

Claims costs incurred are actuarially determined and include the full costs related to new injuries that occured during the year and the interest expense due to the growth in the present value of the prior year benefit liabilities. Actuarial adjustments represent changes in assumptions and methodology used in prior years' valuations to the current year. These adjustments can be significantly impacted by economic assumptions including changes in the discount rate and inflation.

Claims cost incurred and actuarial adjustments totaled $209.7 million, a decrease of $13.4 million (6.0 per cent) from $223.1 million in 2022. This decrease is primarily due to the change in actuarial adjustments over the prior year. Actuarial adjustments of $16.7 million in 2023 were mainly a result of new long-term disability awards granted in 2023 that were $19.7 million more than expected, a $15.5 million experience loss in long-term disability, a $3.3 million experience loss in short-term disability and rehabilitation; partially offset by an experience gain of $3.7 millon in health care and a favourable adjustment of $18.9 millon due to the increase in the discount rate from 5.50 per cent in 2022 to 5.75 per cent in 2023.

Claims Benefit Payments - Cash Payments

	Funding Basis	
($ millions)	**2023**	**2022**
Claims benefit payments - cash		
Short-term disability	53.9	55.3
Long-term disability	75.7	70.4
Health care	44.3	43.2
Survivor benefits	6.0	6.1
Rehabilitation	0.9	0.9
Total	**180.8**	**175.9**

Claims benefit payments paid include actual cash payments to injured workers for wage-loss and other benefits, payments to health care providers for services rendered to injured workers and payments to suppliers for health care goods and devices. These amounts also include payments made on behalf of self-insured employers.

In total, these payments increased 2.8 per cent to $180.8 million in 2023, from $175.9 million in 2022. The major components are long-term disability, short-term disability and health care payments. Included in the total 2023 claims benefit cash payments was $2.4 million in respect of retroactive payments owed to earning loss recipients due to a tax credit rate adjustment for the period 2016 to 2022.

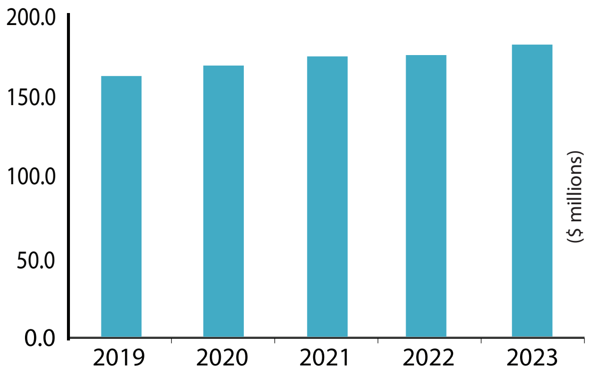
Short-term disability payments decreased by 2.5 per cent from $55.3 million in 2022 to $53.9 million in 2023 mainly resulting from fewer new claims and more short-term disability claims moving to extended earnings loss in 2023.

Long-term disability payments increased by 7.5 per cent from $70.4 million in 2022 to $75.7 million in 2023. This is primarily due to indexing benefits by 5.6 per cent in 2023 and approving more claims for extended earnings loss benefits.

Heath care payments increased by 2.6 per cent from $43.2 million in 2022 to $44.3 million in 2023 due to continued increasing health care costs. This was partially offset by lower hospital services and physician visits due to fewer total new claims and health care only claims.

The average rate of increase of claims benefit payments from 2019 to 2023 has been 2.2 per cent per year due to the trend of increasing claims costs primarily due to claims experience changes and inflationary pressures (see figure 9).

Figure 9. Claim Benefits Payments - Cash Payments



IFRS 17 Financial Performance

The following IFRS 17 financial results sections should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2023.

IFRS 17 Financial Highlights

	IFRS 17 Basis	
($ millions)	**2023**	**2022** Restated
Investments	1,644.6	1,545.0
Insurance contract liabilities	1,447.2	1,365.5
Insurance revenue	153.2	150.3
Insurance service expense	180.4	201.9
Investment income (loss)	171.8	(91.1)
Insurnace finance (expense) income	(105.3)	172.3
Other income and expense	(25.6)	(23.5)
Total comprehensive income	13.9	6.3

The following areas are discussed in detail as a result of the changes due to the implementation of IFRS 17: insurance contract liabilities including liabilities for incurred claims and the changes in the presentation of the IFRS 17 statements.

Insurance Contract Liabilities

	IFRS 17 Basis	
($ millions)	**2023**	**2022** Restated
Liabilities for incurred claims	1,457.2	1,376.8
Liabilities for remaining coverage	(10.0)	(11.3)
Insurance contact liabilities	**1,447.2**	**1,365.5**

Insurance contract liabilities represent liabilities for remaining coverage and liabilities for incurred claims.

Liabilities for remaining coverage at the end of the year represents premiums received during the year less the amount recognized as insurance revenue for services provided.

Liabilities for incurred claims reflect the present value of all future payments expected to be made on behalf of injured workers and other insurance liabilities including receivables, payables and accruals related to insurance contract fulfillment.

An independent external actuary valued the liabilities for incurred claims (excluding other insurance liabilities) on both the funding and the IFRS 17 basis as at December 31, 2023 and December 31, 2022. Other than the discount rate, all assumptions and methods used to prepare the valuation are the same for IFRS 17 and the funding basis.

For IFRS 17, we use a discount rate determined by point-in-time market-based information as in comparison to the funding basis which uses a discount rate based on WorkplaceNL's long-term expected rate of return.

The 2023 IFRS 17 liabilities for incurred claims (excluding other insurance liabilities) are $1,438.6 million (4.85 per cent discount rate), $82.0 million higher than the 2023 funding basis benefit liabilities of $1,356.6 million (5.75 per cent discount rate).

The discount rate in accordance with IFRS 17 as at December 31, 2023 was 4.85 per cent compared to the IFRS 17 rate of 5.25 per cent for December 31, 2022 resulting in a $38.2 million increase in 2023 to the liabilities for incurred claims (excluding other insurance liabilities) over 2022.

The discount rate used in the funding basis as at December 31, 2023 was 5.75 per cent compared to the funding basis rate of 5.50 per cent for December 31, 2022 resulting in a $18.9 million decrease to benefit liabilities.

The discount rate used in accordance with IFRS 17 as at December 31, 2022 was 5.25 per cent compared to the funding basis rate of 5.50 per cent for December 31, 2022 resulting in the 2022 IFRS 17 liabilities for incurred claims (excluding other insurance liabilities) to be $24.9 million higher than the 2022 funding basis benefit liabilities.

As a result of the change in the discount rate between IFRS 17 and the funding basis, the 2023 IFRS 17 total comprehensive income was $57.1 million lower than the 2023 funding basis.

Change in the Presentation of IFRS 17 Statements

Insurance Service Result - Insurance Revenue and Insurance Service Expense

	IFRS 17 Basis	
($ millions)	**2023**	**2022** Restated
Insurance revenue	153.2	150.3
Insurance service expense		
Claims cost incurred	111.2	132.7
Actuarial adjustment	34.6	37.7
Administration insurance service expense	26.8	26.0
Other insurance service expense	7.8	5.5
	180.4	201.9
Total insurance service result	**(27.2)**	**(51.6)**

IFRS 17 requires that the insurance service performance result is presented separately on the statement of comprehensive income. Insurance performance is the net of insurance (assessments) revenue and insurance service expenses reflecting the expenses related to the fulfilment of insurance contracts.

Insurance revenue for 2023 represents the assessment revenue from rate-based employers and does not include self-insured revenue. Self-insured revenue is reported in other income and expense on the statement of comprehensive income.

Insurance service expenses include claims costs for injuries incurred during the year as well as actuarial adjustments from the impact of experience gains and losses.

IFRS 17 also requires claims administration expenses to be presented in insurance service expenses and corporate administration expenses presented in other expenses on the statement of comprehensive income.

The most significant component of claims administration expenses are salaries and benefits for our employees. Administrating claims for insurance contracts include adjudicating claims, managing claims and making claim payments. A detail analysis by department for all accounts was completed to understand expenses in each area related to the fulfillment of insurance contracts. A percentage allocation of insurance administrative expenses was determined and applied by account in order to segregate insurance claims administration expenses from other corporate administration expenses.

Insurance Finance Expense

	IFRS 17 Basis	
($ millions)	**2023**	**2022** Restated
Insurance finance (expense) income	(105.3)	172.3

IFRS 17 requires that insurance financing is presented separately. Insurance financing is actuarially determined and consists of the interest expense relating to growth in the liabilities for incurred claims and impact of the change in the discount rate during the year. The variance of $277.6 million when comparing 2023 to 2022 was primarily a result of the volatility of the IFRS 17 discount rate.

The IFRS 17 discount rate at January 1, 2022 was 3.15 per cent and at December 31, 2022 was 5.25 per cent. As a result of the increase in the IFRS 17 discount rate during 2022, there was interest finance income of $217.9 million.

The IFRS 17 discount rate at January 1, 2023 was 5.25 per cent and at December 31, 2023 was 4.85 per cent. As a result of the decrease in the IFRS 17 discount rate during 2023, there was interest finance expense of $38.2 million.

The interest finance expense amount is included in the claims cost incurred and actuarial adjustments under the funding basis.

Administration Expenses

	IFRS 17 Basis	
($ millions)	**2023**	**2022** Restated
Salaries and employee benefits	29.8	29.0
Office and communications	3.5	3.5
Professional fees	1.5	1.1
Building operations	0.7	0.8
Travel and vehicle operating	0.2	0.1
Total administrative expenses	35.7	34.5
Less: insurance service expense allocation	26.8	26.0
Total other administration expenses	8.9	8.5

In 2023, total administration costs were $35.7 million, an increase of $1.2 million (3.4 per cent) over the prior year. The increase is primarily due to a two per cent salary increase for bargaining and non-bargaining employees in 2023. Total administration expenses on an IFRS 17 basis are required to be allocated on the statement of comprehensive income between claims administration expenses included in insurance service expense and other corporate administration expenses included in other income and expense.

Outlook

WorkplaceNL maintained the average assessment rate at $1.69 for 2023, continuing to include the temporary $0.21 discount to enable the funded position to return to the desired target of 110 per cent. However, the average base assessment rate for 2024 increased to $1.73 due to rising claims costs and continues to include the $0.21 temporary discount. WorkplaceNL is forecasting assessable payrolls of approximately $10.0 billion in 2024, an increase of 4.3 per cent from 2023.

In 2023, ongoing geopolitical issues and uncertainty around interest rate levels continued to challenge the global economy. Late in the year, equities and bonds performed well due to expectations that monetary tightening policies will ease.

The Bank of Canada maintained the interest rate in December 2023 and is committed to easing inflation for Canadians. Inflation, measured by the Consumer Price Index, decreased during 2023 and was at 3.4 per cent in December 2023.

In the fourth quarter of 2023, global economic growth slowed yet the Canadian economy grew but lower than the anticipated economic potential.

WorkplaceNL remains cautiously optimistic the Injury Fund will continue the trend of generating positive returns in 2024.

Financial Statements 2023

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 2023 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") December 31, 2023 (the "valuation date") in accordance with IFRS 17. 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 $1,438,611,000. 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.
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, 2023, December 31, 2022, and January 1, 2022 and the statement of comprehensive income, statement of changes in funded position and statement of cash flows for the years ended December 31, 2023 and 2022, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, December 31, 2022, and January 1, 2022 and its financial performance and its cash flows for the years ended December 31, 2023 and 2022, 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.

Other information

Other information consists of the information included in the Organization's Management's Discussion and Analysis other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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

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

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

St. John’s, Canada
May 3, 2024

Ernst & Young LLP
Chartered Professional Accountants

Statement of FINANCIAL POSITION

(thousands of dollars)	As at December 31 **2023**	As at December 31 Restated 2022	As at January 1 Restated 2022
Assets			
Cash, cash equivalents and short-term investments	**$ 3,737**	$ 3,140	$ 7,326
Receivables and other [note 6]	**4,817**	6,715	3,638
Investments [note 7]	**1,644,590**	1,544,992	1,699,732
Right-of-use assets [note 10]	**1,144**	1,369	1,594
Property, plant and equipment [note 11]	**7,655**	7,882	7,668
Intangible assets [note 12]	**8,231**	10,754	12,707
	$ 1,670,174	$ 1,574,852	$ 1,732,665
Liabilities			
Payables and accrued liabilities [note 15]	**5,396**	4,955	3,684
Employee future benefits [note 19]	**1,326**	1,547	1,721
Lease liabilities [note 10]	**1,244**	1,461	1,669
Insurance contract liabilities [note 18]	**1,447,206**	1,365,543	1,530,328
	1,455,172	1,373,506	1,537,402
Fund balance	**215,002**	201,346	195,263
	$ 1,670,174	$ 1,574,852	$ 1,732,665

Authorized for issue on May 3, 2024 on behalf of the Board of Directors

John Peddle
Chairperson

Gregory Viscount
Director

Statement of COMPREHENSIVE INCOME
Year ended December 31

(thousands of dollars)	2023	Restated 2022
Insurance revenue [note 16]	**$ 153,247**	$ 150,330
Insurance service expense [note 17]	**180,447**	201,881
Total insurance service result	**(27,200)**	(51,551)
Total insurance finance (expense) income [note 18]	**(105,269)**	172,291
Investment income (loss) [note 8]	**171,855**	(91,110)
Other income and expense [note 20]	**(25,640)**	(23,541)
Net Income	**13,746**	6,089
Other comprehensive income		
Remeasurement of employee future benefits [note 19]	**161**	234
Total comprehensive income	**$ 13,907**	$ 6,323

See accompanying notes.

Statement of CHANGES IN FUNDED POSITION
Year ended December 31

(thousands of dollars)	**2023**	Restated 2022
Accumulated operating surplus		
Balance at December 31, 2021 as previously reported	**-**	$ 426,908
Initial impact of IFRS 17	**-**	(234,842)
Restated balance as at January 1, 2022	**-**	192,066
Balance, beginning of year	**$ 197,155**	-
Operating surplus	**13,746**	6,089
Reserve allocation [note 25]	**(444)**	(1,000)
	210,457	197,155
Accumulated other comprehensive income		
Balance, beginning of year	**(616)**	(850)
Other comprehensive income [note 19]	**161**	234
	(455)	(616)
Reserves		
Occupational Health and Safety Research [note 25]	**5,000**	4,807
Fund balance, end of year	**$ 215,002**	$ 201,346

See accompanying notes.

Statement of CASH FLOWS
Year ended December 31

(thousands of dollars)	2023	Restated 2022
Cash flow from operating activities		
Cash received from:		
Employer premiums	**$ 154,522**	$ 149,421
Self-Insured administration and claims cost	**13,053**	13,217
Third parties	**865**	387
	168,440	163,025
Cash paid to:		
Claimants or third parties on their behalf	**(180,796)**	(175,931)
Suppliers and employees, for administrative and other goods and services	**(45,637)**	(42,761)
Investment manager, interest & other fees	**(7,626)**	(3,366)
	(234,059)	(222,058)
Net cash used in operating activities	**(65,619)**	(59,033)
Cash flows from investing activities		
Cash received from:		
Interest	**18,652**	15,479
Dividends	**17,375**	10,945
Sale of investments	**1,089,281**	1,289,243
	1,125,308	1,315,667
Cash paid for:		
Purchase of investments	**(1,058,571)**	(1,259,356)
Purchase of property, plant and equipment	**(294)**	(728)
Purchase of intangible assets	**(227)**	(736)
	(1,059,092)	(1,260,819)
Net cash provided by investing activities	**66,216**	54,847
Net change in cash and cash equivalents	**597**	**(4,186)**
Cash and cash equivalents beginning of year	**3,140**	**7,326**
End of year	**$ 3,737**	**$ 3,140**

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, 2022** (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. The Workers' Compensation Independent Review Board 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 12(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.

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 MATERIAL 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 5% to 5.5% [2022 - 0.55% to 5%].

Insurance revenue

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls. The assessment levy is payable by installments within the current year. At year-end, assessment 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).

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.

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

3. SIGNIFICANT MATERIAL ACCOUNTING POLICIES (continued)

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.

Insurance contract liabilities

Insurance contract liabilities include the liabilities for remaining coverage and liabilities for incurred claims. Based on the contract boundary of one year, from January 1st to December 31st, WorkplaceNL has a substantive obligation to provide assessed employers of Newfoundland and Labrador an insurance contract service. The liabilities for incurred claims 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 liabilities for incurred claims 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. The liabilities for incurred claims were valued by an independent actuary using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

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

3. SIGNIFICANT MATERIAL ACCOUNTING POLICIES (continued)

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 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.

3. SIGNIFICANT MATERIAL ACCOUNTING POLICIES (continued)

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 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.

Reserves

In accordance with Section 30 (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 138 (1) of the Act, WorkplaceNL may, at its discretion, establish reserves for the following:

3. **SIGNIFICANT MATERIAL ACCOUNTING POLICIES (continued)**

- 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 part of the cost of claims of workers suffering enhanced disabilities, because of similar or other disabilities previously suffered, that in the opinion of the commission is the result of the previous disabilities, and to meet the cost of subsequent injuries resulting while a worker is participating in a rehabilitation program;
- 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.

New Accounting Standards
IFRS 17 Insurance Contracts
IFRS 17 superseded IFRS 4 Insurance contracts. WorkplaceNL adopted IFRS 17 January 1, 2023 using the full retrospective method. 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 policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

Accounting aspects include:

- Contract boundary is one year. The insurance policy for all employers starts January 1 and ends December 31 of each year. Assessment rates are set each year and premiums are based on annual reported payroll.
- Level of aggregation – WorkplaceNL provides only one type of coverage for the workers of Newfoundland and Labrador that being protection in the event of a workplace injury.
- Discount rate - WorkplaceNL will use an annual yield curve provided by the Fiera Capital Corporation and the Canadian Institute of Actuaries for the IFRS 17 Market Curves and Reference Curves, which uses the Committee on Life Insurance Financial Reporting (CLIFR) methodology, based on the most recent market rates available. An equivalent flat rate will be calculated based on the yield curve rates for purposes of doing the actual liability calculation.
- Measurement model – Premium allocation approach (PAA) is elected as the insurance contracts are one year or less duration.
- Risk adjustment for non-financial risk - The risk adjustment for non-financial risk is applied to the discounted cash flows and reflects the compensation WorkplaceNL requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as WorkplaceNL fulfils insurance contracts. Due to the not-for-profit nature of its operations, WorkplaceNL does not require compensation for

3. SIGNIFICANT MATERIAL ACCOUNTING POLICIES (continued)

bearing uncertainty from any non-financial risk. Therefore, WorkplaceNL's risk adjustment is determined to be insignificant and corresponds to a 50% confidence level.

- Liabilities for remaining coverage – is the coverage at the end of the year that represents premiums received during the year less the amount recognised as insurance revenue for services provided. Liabilities for remaining coverage are not discounted.
- Liabilities for incurred claims - reflect the present value of all future payments expected to be made on behalf of injured workers and other insurance liabilities.
- Insurance finance expense - is actuarially determined and consists of the interest expense relating to growth in the liabilities for incurred claims and impact of the change in the discount rate during the year. Insurance finance expense is recorded on the statement of comprehensive income.
- Revenue – premiums are recorded as revenue as services are provided over the year.
- Onerous contracts - An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract result in a total net outflow. IFRS 17 requires entities to distinguish groups of insurance contracts expected to be onerous from those insurance contracts that are not. Under PAA, contracts are deemed not onerous unless facts and circumstances indicate otherwise. If the groups of contracts are deemed onerous at initial recognition, WorkplaceNL recognizes a corresponding liability (loss component) to reflect the expected net outflow as applicable, and the related loss is recognized in the period it arises immediately.

(thousands of dollars)	
IFRS 4 benefit liabilities December 31, 2021	**$ 1,290,181**
Initial measurement impact of IFRS 17	**234,842**
IFRS 17 insurance contract liabilities pre-reclassification	**1,525,023**
IFRS 17 reclassification	**5,305**
IFRS 17 insurance contract liabilities January 1, 2022	**$ 1,530,328**

WorkplaceNL has not re-designated assets established under IFRS 9 using the first time adoption of IFRS 17 Insurance contracts. As a result, there is no impact.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are no standards and interpretations that are issued, but not yet effective, up to the date of issuance of WorkplaceNL's financial statements. WorkplaceNL intends to adopt any future issued standards, if applicable, when they become effective.

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.

Liabilities for Incurred Claims
An actuarial valuation of the liabilities for incurred claims 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 liabilities for incurred claims.

WorkplaceNL believes that the amount provided for the liabilities for incurred claims as at December 31, 2023, is adequate, recognizing that actuarial methods and assumptions as disclosed in note 18 may change over time to reflect underlying economic trends. Changes in assumptions could have a material impact on the liabilities for incurred claims.

Employee future benefits
A valuation of severance and accumulated annual leave liabilities is prepared using the assumptions disclosed in note 19.

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 18 and 19

6. RECEIVABLES AND OTHER

(thousands of dollars)	**2023**	Restated 2022
Prepaid Expenses	**2,218**	1,783
Other	**2,599**	4,932
	$ 4,817	$ 6,715

Aging of Receivables
Rceivables aging is less than one year.

7. INVESTMENTS

Fair Value Hierarchy

(thousands of dollars)	**2023**	2022
Level 1		
Cash and cash equivalents	**$ 16,764**	$ 25,940
Domestic equities	**195,447**	221,440
Foreign equities	**632,114**	546,210
	844,325	793,590
Level 2		
Fixed income investments	**479,231**	444,104
Real Estate Funds	**173,859**	180,284
	653,090	624,388
Level 3		
Infrastructure	**147,175**	127,014
	$ 1,644,590	$ 1,544,992

There have been no transfers between levels during 2023 [2022-Nil].

Summary of changes in level 3 fair value measurements:

(thousands of dollars)	**2023**	2022
Balance, beginning of year	**$ 127,014**	$ 86,402
Purchases of level 3 investments	**14,043**	26,625
Interest and dividends	**1,622**	1,357
Expenses	**(967)**	(1,340)
Foreign exchange gains	**(437)**	525
Unrealized change in fair market value	**5,900**	13,445
Balance, end of year	**$ 147,175**	$ 127,014

The level 3 investments consist of a limited partnership interest in a closed fund investing in global infrastructure assets with a market value of $34.0 million (2022- $33.7 million), and a balance of $113.2 million in open funds [2022-$93.3 million]. These funds have no active market and no published net asset value as of December 31, 2023, and are therefore classified as level 3 investments in the fair value hierarchy. The closed partnership will dissolve on December 31, 2032. The general partner has the option to extend the fund's life for up to three additional one-year periods.

8. INVESTMENT INCOME

Investment income (loss) is comprised of the following:

(thousands of dollars)	**2023**	2022
Interest and dividends	**$ 35,612**	$ 26,263
Realized gain (loss) on sale of investments	**47,639**	(23,974)
Interest on short-term investments	**415**	160
Unrealized change in fair market value	**88,189**	(93,559)
Investment income (loss)	**$ 171,855**	$ (91,110)

9. FINANCIAL RISK MANAGEMENT

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

The Board of Directors is ultimately responsible for the governance and strategic direction of WorkplaceNL's investments through its review and approval of the long-term investment policy and ensuring adherence to the policy.

Management is responsible for monitoring performance, regular reporting to the Board, and recommending changes in the investment policy or fund managers. The Board and Management use the services of an external consultant to benchmark the performance of fund managers and to provide advice on investment policies and practices. The following sections describe the key financial risk exposures and management strategies to mitigate these risks.

Credit risk
Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. WorkplaceNL does not anticipate that any issuers will fail to meet their obligations. The credit ratings of WorkplaceNL's fixed income investments at December 31 are listed in the following table.

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9. FINANCIAL RISK MANAGEMENT (continued)

(thousands of dollars)		2023			2022	
Credit Rating						
Cash & Short-term notes	**$**	**6,211**	**1.3%**	$	13,614	3.1%
AAA		**62,534**	**13.0%**		65,798	14.8%
AA		**123,085**	**25.7%**		93,031	21.0%
A		**55,886**	**11.7%**		56,820	12.8%
BBB		**56,257**	**11.7%**		50,844	11.4%
BB and below		**80,143**	**16.7%**		74,598	16.8%
Foreign currency		**1,355**	**0.3%**		1,381	0.3%
Mortgages		**93,760**	**19.6%**		88,019	19.8%
	$	**479,231**	**100%**	$	444,105	100%

WorkplaceNL may also invest in short-term commercial debt or paper rated R1 in accordance with Dominion Bond Rating Service. Provincial short-term debt and debt of agencies guaranteed by the provinces may be rated lower than R1. The short-term portfolio investments held with any one corporate issuer is limited to 10%, at any given time, of WorkplaceNL's estimated annual cash receipts.

Currency risk

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates compared to the Canadian dollar. Investments denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the reporting date. Funds significantly invested in foreign denominated fixed-term investments manage their foreign exchange exposure through forward foreign exchange and future contracts. Hedge accounting has not been applied to hedging arrangements.

As at December 31, 2023, WorkplaceNL's holdings in foreign currencies had a market value of $1.0 billion [2022 - $912.0 million] representing 62.5% [2022 – 59.0%] 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.

9. FINANCIAL RISK MANAGEMENT (continued)

(thousands of dollars)	2023	2022
CAD/US Dollar	**$ 53,802**	$ 44,826
CAD/EURO	**11,498**	9,343
CAD/British Pound	**4,536**	4,822
CAD/Japanese Yen	**3,402**	2,796
CAD/Australian Dollar	**2,002**	1,600
CAD/Swiss Franc	**1,487**	1,634
CAD/Danish Krone	**1,311**	988
CAD/Mexican Peso	**1,150**	790
CAD/Hong Kong Dollar	**1,107**	1,312
CAD/Norwegian Krone	**785**	-
CAD/Swedish Kronor	**223**	821

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)	2023		2022	
Change in nominal interest rates	+/-50bps	+/-100bps	+/-50bps	+/-100bps
Impact on comprehensive income	**$ 14,031**	**$ 28,490**	$ 13,067	$ 26,567

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
2023 Fair Value	**$ 26,201**	**$ 67,038**	**$ 140,535**	**$ 86,103**	**$ 319,878**
2022 Fair Value	$ 32,238	$ 58,512	$ 122,614	$ 84,280	$ 297,644

9. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

WorkplaceNL maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow. WorkplaceNL also has committed lines of credit that it can access to meet liquidity needs.

Insurance funding risk – insurance contract liabilities

WorkplaceNL provides workplace injury insurance for all assessed employers with workers in the Province. Insured events can occur at any time during the coverage period and can generate losses of variable amounts. WorkplaceNL is exposed to the risk that the actual obligations for claim payments exceed its estimate of insurance contract liabilities. Insurance contract liabilities are influenced by factors such as:

- The discount rate used to value future claims;
- Expected inflation;
- Availability, utilization and cost of health care services;
- Injury severity and duration availability of return-to-work programs and re-employment opportunities at pre-injury employers;
- Wage growth;
- New medical findings that affect the recognition of occupational diseases;
- Legislated changes to benefit rates or modification of the recognition of workplace injuries, which are sometimes applied retroactively; and
- Precedents established through various claims appeals processes.

WorkplaceNL mitigates these risks by utilizing both proprietary and commercially available actuarial models and assessing historical loss development patterns and other predictive analytics. These risks are also mitigated by engaging independent actuaries annually to review actuarial assumptions and methodologies in establishing insurance contract liabilities.

Note 18 provides further information regarding the nature of insurance risk associated with the insurance contract 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.

9. FINANCIAL RISK MANAGEMENT (continued)

(thousands of dollars)	**2023**		2022	
Equities	**1 std dev**	**2 std dev**	1 std dev	2 std dev
% Change in market benchmark	**15.9%**	**31.8%**	15.5%	31.0%
Canadian equity	**$ 27,334**	**$ 48,070**	$ 30,251	$ 53,350
% Change in market benchmark	**13.1%**	**26.2%**	13.0%	25.9%
All world equity	**$ 71,425**	**$ 128,035**	$ 59,079	$ 106,000

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)	**2023**	2022
Balance, beginning of year	**$ 1,369**	$ 1,594
Additions	**-**	-
Depreciation	**(225)**	(225)
Balance, end of year	**$ 1,144**	$ 1,369

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

Lease Liabilities		
(thousands of dollars)	**2023**	2022
Balance, beginning of year	**$ 1,461**	$ 1,669
Additions	**-**	-
Interest	**54**	63
Payments	**(271)**	(271)
Balance, end of year	**$ 1,244**	$ 1,461

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

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

(thousands of dollars)	Remaining Term to Maturity 1 to 5 years	Over 5 years	Total
Lease Liabilities	**$ 1,233**	**$ 146**	**$ 1,379**

11. PROPERTY, PLANT AND EQUIPMENT

(thousands of dollars)	2023			
	Opening Balance	**Additions/ Depreciation**	**Disposals**	**Closing Balance**
Cost				
Land	**$ 3,000**	**$ -**	**$ -**	**$ 3,000**
Buildings	**10,959**	**-**	**-**	**10,959**
Furniture & equipment	**505**	**21**	**(102)**	**424**
Computer equipment	**2,968**	**273**	**(323)**	**2,918**
Total	**17,432**	**294**	**(425)**	**17,301**
Accumulated Depreciation				
Buildings	**7,139**	**180**	**-**	**7,319**
Furniture & equipment	**270**	**36**	**(102)**	**204**
Computer equipment	**2,142**	**304**	**(323)**	**2,123**
Total	**9,551**	**520**	**(425)**	**9,646**
Net Book Value	**$ 7,881**	**$ (226)**	**$ -**	**$ 7,655**

11. PROPERTY, PLANT AND EQUIPMENT (continued)

(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**

12. INTANGIBLE ASSETS

(thousands of dollars)	Cost	Accumulated Amortization	Net Book Value
Balance at January 1, 2022	$ 32,855	$ (20,148)	$ 12,707
Additions	736	-	736
Disposals	(219)	219	-
Amortization	-	(2,689)	(2,689)
Balance at December 31, 2022	**$ 33,372**	**$ (22,618)**	**$ 10,754**
Additions	**228**	**-**	**228**
Disposals	**(76)**	**76**	**-**
Amortization	**-**	**(2,751)**	**(2,751)**
Closing balance, December 31, 2023	**$ 33,524**	**$ (25,293)**	**$ 8,231**

Intangible assets include $445,975 [2022 - $730,774] related to internally developed software which is not yet available for use.

13. AMORTIZATION AND DEPRECIATION

(thousands of dollars)	**2023**	2022
Right-of-use assets depreciation [note 10]	**$ 225**	$ 225
Property plant and equipment depreciation [note 11]	**520**	514
Intangible assets depreciation [note 12]	**2,751**	2,689
	3,496	3,428
Less: Insurance service expense allocation – Other [note 17]	**2,766**	2,676
	$ 730	$ 752

14. FEES AND INTEREST

Fees and interest are comprised of the following:

(thousands of dollars)	**2023**	2022
Fund managers' investment fees	**$ 8,706**	$ 7,730
Banking fees	**354**	139
Lease liabilities	**54**	63
Interest paid to claimants	**205**	47
	9,319	7,979
Less: Insurance service expense allocation – Other [note 17]	**8**	59
Fees and interest, net	**$ 9,311**	$ 7,920

14. FEES AND INTEREST (continued)

WorkplaceNL has established an operating line of credit with its banker in the amount of $20 million for 2023 ($20 million for 2022). 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 2023 ($18 million for 2022). Nil was outstanding at December 31 each year 2023 and 2022.

15. PAYABLES AND ACCRUED LIABILITIES

(thousands of dollars)	**2023**	Restated 2022
Payables	**$ 4,522**	$ 4,005
Amounts due to employees	**874**	950
	$ 5,396	$ 4,955

16. INSURANCE REVENUE

(thousands of dollars)	**2023**	2022
Assessments	**$ 158,775**	$ 152,858
Assessment reporting penalties & interest	**984**	863
PRIME refunds	**(6,512)**	(3,391)
Total insurance revenue	**$ 153,247**	$ 150,330

17. INSURANCE SERVICE EXPENSE

(thousands of dollars)	**2023**	2022
Claims cost incurred	**$ 111,166**	$ 132,674
Actuarial adjustment	**34,648**	37,717
Administration insurance service expense	**26,822**	25,965
Other insurance service expense	**7,811**	5,525
Total insurance service expense	**$ 180,447**	$ 201,881

18. INSURANCE CONTRACT LIABILITIES AND CLAIM COSTS

Insurance contract liabilities represent the liabilities for incurred claims, reflecting the present value of all future payments expected to be made on behalf of all injured workers as well as receivables, payables and accruals related to insurance contract fulfillment.

Insurance contract liabilities

(thousands of dollars)	2023			
	Liabilities for Remaining Coverage		**Liabilities for Incurred Claims**	**Total**
	Excluding Loss Component	**Loss Component**	**Estimates of the Present Value of Future Cash Flows**	
Insurance contract liabilities as at January 1, 2023	$ (11,298)	-	$ 1,376,841	$ 1,365,543
Insurance revenue	(153,247)	-	-	(153,247)
Insurance service expense				
Current year incurred and other	-	(27,200)	145,799	118,599
Prior year development	-	-	34,648	34,648
Losses on onerous contracts	-	27,200	-	27,200
Total insurance service expense	-	-	180,447	180,447
Insurance service result	(153,247)	-	180,447	27,200
Insurance finance expense	-	-	105,269	105,269
Total changes in the statement of comprehensive income	(153,247)	-	285,716	132,469
Cash flows				
Employer premiums	154,522	-	-	154,522
Claims and other expenses paid – excludes self insurer's and includes other cash outflows required for contract fulfilment	-	-	(205,328)	(205,328)
Total cash flows	154,522	-	(205,328)	(50,806)
Insurance contract liabilities as at December 31, 2023	$ (10,023)	-	$ 1,457,229	$ 1,447,206

18. INSURANCE CONTRACT LIABILITIES AND CLAIM COSTS (continued)

(thousands of dollars)	2022			
	Liabilities for Remaining Coverage		**Liabilities for Incurred Claims**	**Total**
	Excluding Loss Component	**Loss Component**	**Estimates of the Present Value of Future Cash Flows**	
Insurance contract liabilities as at January 1, 2022	$ (10,389)	-	$ 1,540,717	$ 1,530,328
Insurance revenue	(150,330)	-	-	(150,330)
Insurance service expense				
Current year incurred and other	-	(51,551)	164,164	112,613
Prior year development	-	-	37,717	37,717
Losses on onerous contracts	-	51,551	-	51,551
Total insurance service expense	-	-	201,881	201,881
Insurance service result	(150,330)	-	201,881	51,551
Insurance finance expense	-	-	(172,291)	(172,291)
Total changes in the statement of comprehensive income	(150,330)	-	29,590	(120,740)
Cash flows				
Employer premiums	149,421	-	-	149,421
Claims and other expenses paid – excludes self insurer's and includes other cash outflows required for contract fulfilment	-	-	(193,466)	(193,466)
Total cash flows	149,421	-	(193,466)	(44,045)
Insurance contract liabilities as at December 31, 2022	$ (11,298)	-	$ 1,376,841	$ 1,365,543

Onerous contracts

Under *the Act* employers are liable for assessments due January 1 in each year for workers employed at that time and updated throughout the year for additional worker employment. Insurance contacts for WorkplaceNL have a term of one year under legislation from January 1 to December 31 of each year. As at December 31, 2023, based on the 1 year duration, no obligations for onerous contracts exist.

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18. INSURANCE CONTRACT LIABILITIES AND CLAIM COSTS (continued)

Claims Development

The table that follows presents the development of the estimated ultimate cost of claims and claim payments for accident years 2014-2023. 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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimate of cumulative claims:											
At end of accident year	$ 148,559	$140,967	$141,515	$144,998	$134,992	$155,063	$146,635	$137,143	$163,480	$153,869	
One year later	143,550	131,833	130,872	134,716	142,027	162,441	143,336	144,323	167,759		
Two years later	133,860	137,731	138,611	138,638	145,829	170,243	146,939	146,721			
Three years later	138,166	137,169	138,831	138,861	145,769	176,983	174,852				
Four years later	135,706	138,417	137,558	152,438	159,407	189,897					
Five years later	134,239	135,566	143,128	159,665	162,391						
Six years later	133,962	133,666	144,321	162,523							
Seven years later	134,031	136,356	147,960								
Eight years later	134,726	134,500									
Nine years later	136,231										
Estimate of cumulative claims	136,231	134,500	147,960	162,523	162,391	189,897	174,852	146,721	167,759	153,869	1,576,703
Cumulative payments	(80,395)	(76,792)	(79,683)	(78,171)	(79,058)	(85,600)	(67,497)	(53,484)	(44,718)	(20,414)	(665,812)
Estimate of future Payments	55,836	57,708	68,278	84,352	83,333	104,297	107,355	93,237	123,041	133,455	910,890
2013 and prior years											826,215
Effect of discounting											(592,065)
Occupational disease											103,054
Firefighter presumptive coverage											53,817
Claims administration											136,701
Other insurance liabilities											18,617
Liabilities for Incurred Claims at December 31, 2023											**$ 1,457,229**

18. INSURANCE CONTRACT LIABILITIES AND CLAIM COSTS (continued)

The table below lists the principal assumptions used in the valuation of the liabilities for incurred claims.

	2023		2022	
	CPI-Indexed awards	**Other payments**	CPI-Indexed awards	Other payments
Discount Rate	**4.85%**	**4.85%**	5.25%	5.25%
Inflation Year 1	**5.60%**	**2.00%**	5.60%	2.00%
Inflation Year 2	**3.20%**	**2.00%**	5.60%	2.00%
Inflation Year 3	**2.20%**	**2.00%**	2.60%	2.00%
Inflation later years	**2.00%**	**2.00%**	2.00%	2.00%
Net rate of return year 1	**-0.75%**	**2.85%**	-0.35%	3.25%
Net rate of return year 2	**1.65%**	**2.85%**	-0.35%	3.25%
Net rate of return year 3	**2.65%**	**2.85%**	2.65%	3.25%
Net rate of return later years	**2.85%**	**2.85%**	3.25%	3.25%
Occupational disease	**9.00%**	**9.00%**	9.00%	9.00%
Presumptive firefighters coverage	**4.70%**	**4.70%**	4.70%	4.70%
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

Liabilities for incurred claims 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.

Discount rate

WorkplaceNL determines the IFRS 17 discount rates using a bottom-up approach. Under the bottom-up approach, discount rates are determined by adjusting a liquid risk-free yield curve to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance

18. INSURANCE CONTRACT LIABILITIES AND CLAIM COSTS (continued)

contracts. For purposes of developing the IFRS 17 discount rate under a bottom-up approach, the Canadian Institute of Actuaries ("CIA") has retained the services of Fiera Capital Corporation ("Fiera Capital") to produce, on a monthly basis, the "Fiera Capital's CIA IFRS 17 Market Curves and Reference Curves".

The key inputs used in the establishment of the IFRS 17 reference curve are the observable market rates in the Canadian bond market. This includes a Government of Canada (i.e., "risk-free") market curve, a provincial bond market curve and a corporate bond market curve. The IFRS 17 spot rates are determined as follows:

- Illiquid reference curve spot yield = risk-free spot rate + liquidity spread + additional liquidity premium, where
    - The risk-free spot rate is developed from Government of Canada bond yield data.
    - The liquidity spread is a portion of the spot yield spread between government of Canada bond yields and high quality Canadian corporate bond yields.
    - The additional liquidity premium is a constant 0.5% to reflect the fact that the illiquid cash flows have liquidity characteristics more similar to those of mortgages and private debt than high quality corporate bonds.

The gross discount rate in accordance with IFRS 17 is 4.85% as at December 31, 2023, compared to 5.25% as at December 31, 2022.

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.

Mortality

The mortality rates used in the valuation of the liabilities for incurred claims 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

18. INSURANCE CONTRACT LIABILITIES AND CLAIM COSTS (continued)

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 liabilities for incurred claims. WorkplaceNL has included a provision of 9.0% of the liabilities for incurred claims for latent occupational disease (2022 – 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 4.7% of the liabilities for incurred claims and maintained in 2023 at 4.7%.

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 liabilities for incurred claims was reasonable (2022 – 10.5%).

Sensitivity of insurance risk
In determining WorkplaceNL's liabilities for incurred claims, 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 the liabilities for incurred claims and claims costs to changes in the key economic assumptions.

(millions of dollars)

1% Change in Assumption	Impact	Liabilities for Incurred Claims	Claims Costs	Income / Equity
Decrease discount rate	Increase	**$ 102.7**	**$ 6.2**	**$ 108.9**
Increase inflation rate	Increase	**$ 35.4**	**$ 2.4**	**$ 37.8**
Increase health care inflation	Increase	**$ 52.9**	**$ 1.7**	**$ 54.6**

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

Insurance risk associated with the volume and cost of claims is addressed through prevention and proactive claims management. The Prevention Strategy focuses attention on workplace risks that

18. INSURANCE CONTRACT LIABILITIES AND CLAIM COSTS (continued)

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.

Liquidity risk
Liquidity risk is the risk that WorkplaceNL will encounter difficulty in meeting obligations associated with insurance liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

(thousands of dollars)	Undiscounted Estimated Future Claims Payments as at December 31, 2023
2024	$ 158,036
2025	135,021
2026	121,777
2027	111,583
2028	102,246
2029 and subsequent years	1,108,443
	$ 1,737,106

(thousands of dollars)	Undiscounted Estimated Future Claims Payments as at December 31, 2022
2023	$ 152,912
2024	130,329
2025	115,884
2026	105,971
2027	98,051
2028 and subsequent years	1,094,482
	$ 1,697,629

19. EMPLOYEE FUTURE BENEFITS

Public Service Pension Plan

WorkplaceNL's contributions to the PSPP of $2,234,776 [2022 - $2,251,850] are included in administration expenses and have been expensed as incurred. The expected contributions to the PSPP in 2024 are $2,450,000.

Severance payments and annual leave

Cash payments for annual leave were $154,000 [2022 - $197,000] and severance was Nil [2022 – 53,000]. The weighted average time to expected benefit payment is 11.0 years [2022 - 10.0].

(thousands of dollars)	**2023**	2022
Accrued benefit obligation, beginning of year	**$ 1,547**	$ 1,721
Current service cost	**32**	228
Past service cost	**-**	-
Interest cost	**62**	82
Benefit expense	**94**	310
(Gain) loss	**(161)**	(234)
Benefits paid	**(154)**	(250)
Accrued benefit obligation, end of year	**$ 1,326**	$ 1,547

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

	2023	2022
Discount rate – benefit cost	**3.00%**	3.00%
Discount rate – accrued benefit obligation	**4.60%**	5.00%
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	**$ (2)**	**$ 39**
Rate of compensation increase	**$ 39**	**$ (2)**

20. OTHER INCOME AND EXPENSE

(thousands of dollars)	**2023**	2022
Other Revenue	**$ 3,602**	$ 2,787
Administration [note 21]	**(8,893)**	(8,583)
Legislated obligations [note 22]	**(8,073)**	(7,250)
Fees and interest, net [note 14]	**(9,311)**	(7,920)
Amortization and depreciation [note 13]	**(730)**	(752)
Other expenses [note 23]	**(822)**	(759)
System support [note 24]	**(1,413)**	(1,064)
	$ (25,640)	$ (23,541)

21. ADMINISTRATION

(thousands of dollars)	**2023**	2022
Salaries and employee benefits	**$ 29,826**	$ 29,031
Office and communications	**3,518**	3,475
Professional fees	**1,487**	1,146
Building operations	**683**	757
Travel and vehicle operating	**201**	139
	35,715	34,548
Less: Insurance service expense allocation [note 17]	**26,822**	25,965
	$ 8,893	$ 8,583

22. 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 Workers' Compensation Independent Review Board and statutory reviews that take place approximately every five years. WorkplaceNL is contractually required to fund the operating costs of the employer and worker advisors. Total expenses incurred by WorkplaceNL for legislated obligations are detailed below:

22. LEGISLATED AND OTHER OBLIGATIONS (continued)

(thousands of dollars)	**2023**	2022
Digital Government and Service NL	**$ 5,847**	$ 4,884
Workers' Compensation Independent Review Board	**1,154**	1,336
Employer and Worker Advisors	**1,072**	1,030
	$ 8,073	$ 7,250

23. OTHER EXPENSES

(thousands of dollars)	**2023**	2022
Sector advisors and grants	**$ 822**	$ 838
Bad debt (recovery)	**4**	(1,078)
	826	(240)
Less: Insurance service expense allocation - Other [note 17]	**4**	(999)
	$ 822	$ 759

24. SYSTEM SUPPORT

Other expenses in 2023 include $6,446,009 information systems projects cost related to software as a service (2022 - $4,815,616).

(thousands of dollars)	**2023**	2022
Information systems projects	**$ 6,446**	$ 4,854
Less: Insurance service expense allocation - Other [note 17]	**5,033**	3,790
	$ 1,413	$ 1,064

25. 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 2023, $252,696 was charged to the reserve [2022 - $239,193] and $444,000 was allocated to the reserve in accordance with Section 30 (1) of the Act.

26. RELATED PARTY TRANSACTIONS

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

The provincial government is also a self-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)	**2023**	2022
Claims costs	**$4,589**	$4,649
Administration charges	**909**	887
	$5,498	$5,536

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 three other senior staff members. Compensation related to these parties is shown below:

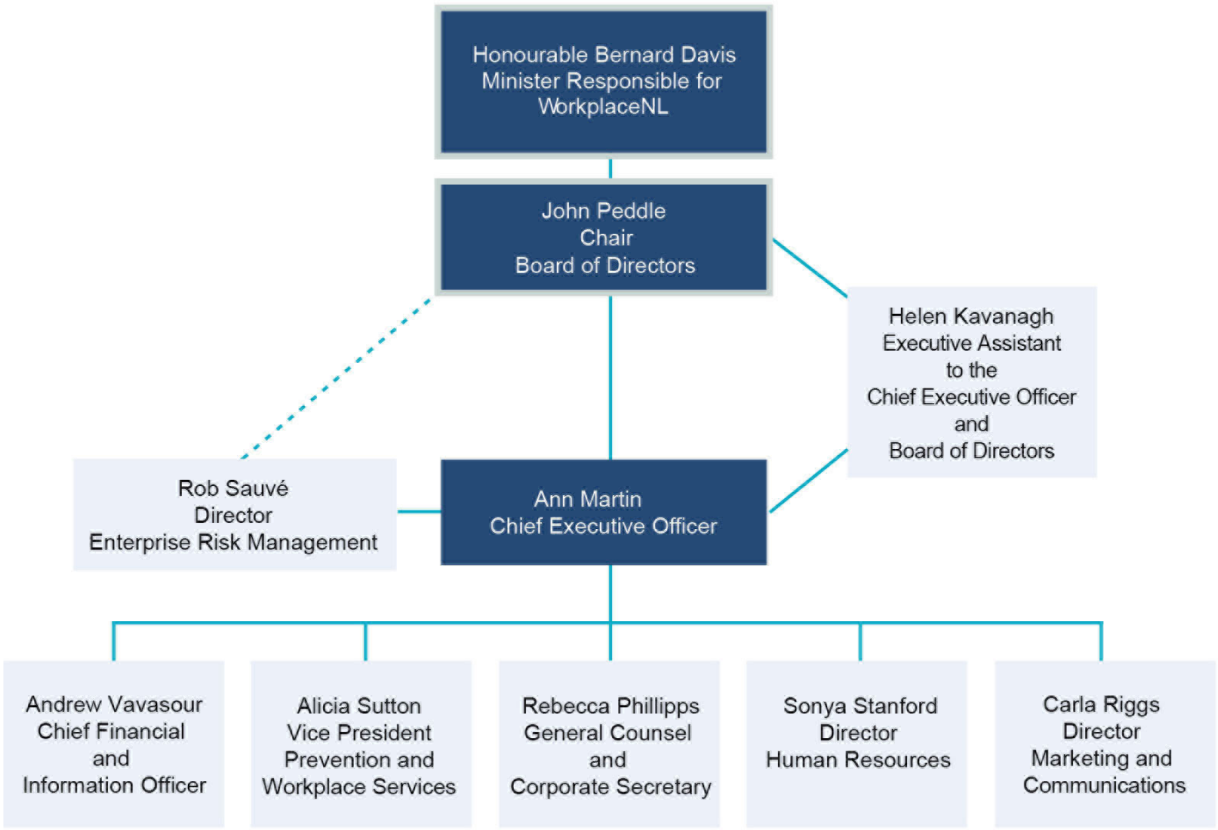
(thousands of dollars)	**2023**		2022	
	Number	**Total**	Number	Total
Board of Directors				
Salary and Benefits	**10**	**$ 70**	10	$ 70
Senior Management				
Salary and Benefits	**7**	**$ 1,094**	8	$ 996

27. 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.

The Board of directors has established a funding basis target of total assets equal to 110% of total liabilities. When the funded basis ratio is less than 100% or more than 120%, WorkplaceNL will adjust subsequent years assessment rates. These funding basis targets are not based on the financial statements prepared under IFRS 17.

Organizational Chart



As of December 31, 2023

WorkplaceNL

Health | Safety | Compensation

St. John's Office
146-148 Forest Road, P.O. Box 9000, St. John's, NL A1A 3B8
t 709.778.1000 f 709.738.1714 t 1.800.563.9000

Grand Falls-Windsor Office
26 High Street, P.O. Box 850, Grand Falls-Windsor, NL A2A 2P7
t 709.489.1600 f 709.489.1616 t 1.800.563.3448

Corner Brook Office
Suite 201B, Millbrook Mall, 2 Herald Avenue, P.O. Box 474, Corner Brook, NL A2H 6E6
t 709.637.2700 f 709.639.1018 t 1.800.563.2772

workplacenl.ca