

**FIX IT
BEFORE IT'S AN INJURY**



Workers Compensation Board of Prince Edward Island

2010 Annual Report

REPLACE IT BEFORE IT'S AN INJURY



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Workers Compensation Board of PEI

Letter of Transmittal



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April 29, 2011

Hon. Janice Sherry
Minister of Community Services, Seniors and Labour
P.O. Box 2000
Charlottetown, PE C1A 7N8

Dear Minister Sherry,

In accordance with Section 34 of the Workers Compensation Act, the Board is pleased to provide its Annual Report for the year ending December 31, 2010.



Nancy Guptill
Chair

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Report to Stakeholders



About Us



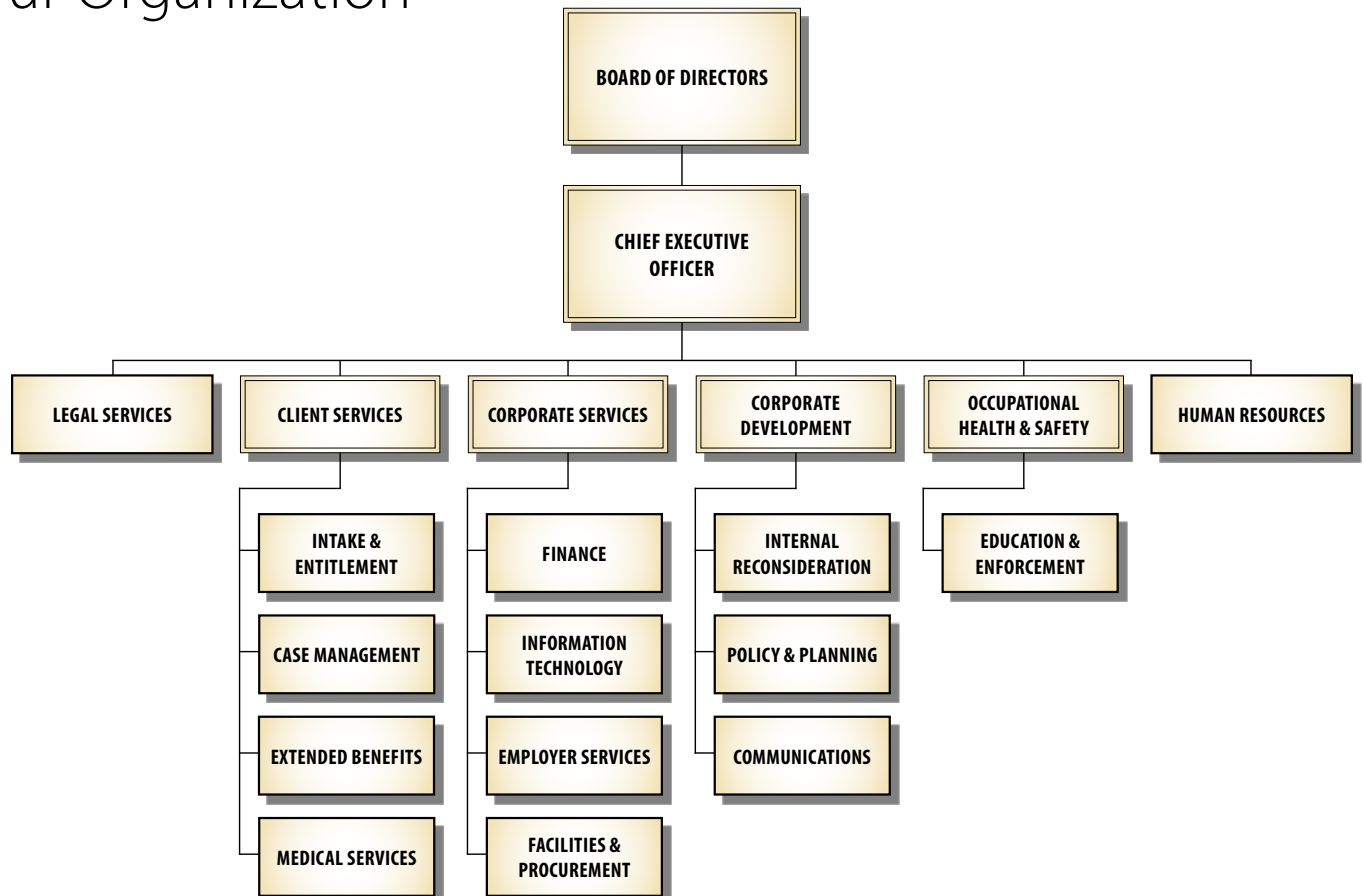
Our Mission

The Workers Compensation Board exists to promote safe workplaces and to protect employers and injured workers through a sustainable accident insurance program.

Our Values

- We treat people with fairness, care and respect
- We communicate in an open and honest manner
- We are accountable to the public and our stakeholders
- We believe in teamwork and are committed to continually improving our services
- We foster trust
- We act with integrity and professionalism

Our Organization



Our Board of Directors



The Workers Compensation Board (WCB) Board of Directors: (top, from left) Margaret Stewart, Harvey Larkin, Angus Houston, Sandy MacKay, Tammy Chaisson, Stuart Affleck (bottom) Charlene McInnis, Nancy Guptill, Mike Annear.

Chair

Nancy Guptill

Ms. Guptill has been Chair of the Workers Compensation Board since 2007. She has made many contributions to Prince Edward Island as a former MLA and Cabinet Minister. Ms. Guptill was responsible for the *Workers Compensation Act* as the Minister of Labour and the Status of Women. She also served as the Minister of Tourism, was responsible for human rights in the province, and was the speaker of the legislative assembly.

Worker Representatives

Tammy Chaisson

Ms. Chaisson has been a worker representative on the Board of Directors since 2008. She currently is employed as a Medical Laboratory Technologist at both Western & Community Hospitals and is President of the International Union of Operating Engineers. She has served on the Occupational Health and Safety Advisory Council, was an executive member of the PEI Federation of Labour as well as a Board member of the PEI Health Sector Council.

Sandy MacKay

Mr. MacKay has been a worker representative on the Board of Directors since 2004. He is a past President of both the PEI Union of Public Sector Employees and the Federation of Labour. Mr. MacKay was a member of the task force that developed the first Occupational Health and Safety Act for PEI and has served on two Ministerial advisory committees that recommended changes to the *Workers Compensation Act*.

Charlene McInnis

Ms. McInnis has been a worker representative on the Board of Directors since 2004. Injured on the job in 1999, she started working with Injured Workers groups and became the Injured Workers Organizational Committee Spokesperson in 2002. She is currently employed as the PEI Military Family Services Coordinator and now works for and with military families living on PEI and advocacy groups for Canadian Forces members injured in the line of duty.

Margaret Stewart

Ms. Stewart has been a worker representative on the Board of Directors since 2005. A high school English teacher for over twenty years, and a teacher-librarian for nine, Ms. Stewart was actively involved in the work of the PEI Teachers' Federation for over ten years, and served as President of the PEI Teachers' Federation and a Director of the Canadian Teachers' Federation from 2001-2003.

Employer Representatives

Stuart Affleck

Mr. Affleck has been an employer representative on the Board of Directors since 2008. He was a farm owner and operator for thirty eight years and has held many positions through organizations such as the PEI Potato Board, East Prince Regional Health Board, PEI Unit 2 Regional School Board and the PEI Provincial Family Farm Appeals Board.

Mike Annear

Mr. Annear has been an employer representative and Vice-Chair of the Board of Directors since 2008. He was a member of the Legislative Review Committee for the *Workers Compensation Act* in 2007 and served on the Board of Directors for the PEI Road Building and Heavy Equipment Association. Mr. Annear also coordinated safety training and programming for Kings County Construction Ltd. for fifteen years.

Angus Houston

Mr. Houston has been an employer representative of the Board of Directors since 2008. He has over thirty years experience as an employer on PEI working in a number of capacities in both the health and hospitality industries. Mr. Houston has also owned and co-owned restaurants in both Montague and Charlottetown.

Harvey Larkin

Mr. Larkin has been an employer representative of the Board of Directors since 2006. He is an employer in the hospitality industry with annual employment of 20-25 and is a farm co-owner and operator in the turkey growing business. Mr. Larkin has also served as a board member on various community organizations.



A Message From the Chair and the CEO

On behalf of the Workers Compensation Board (WCB) of Prince Edward Island, we are pleased to present our annual report for 2010. Each year, we are privileged to report to you, our stakeholders, on our activities and financial performance for the year. It is also an opportunity to reflect on the reasons why our organization exists and on the needs we strive to serve as your provincial compensation and workplace safety organization.

Because our province has been protected by a workplace compensation system for over 60 years, many of our stakeholders would not remember a time when the Workers Compensation Board did not exist. Our organization was conceived to protect workers – not just those who could afford to pursue injury claims through the legal system - from the impact of workplace injury, while at the same time protecting employers from costly lawsuits.

The system was based on the principles of no-fault compensation, collective liability and security of payment, administered by an independent board with exclusive jurisdiction. Coined the *Meredith Principles*, after the Ontario Royal Commissioner who first proposed them almost 100 years ago, these principles are still relevant today and are the basis of compensation systems across the country. As we reflect back

Message du président et de la directrice générale

Au nom de la Commission des accidents du travail de l'Île-du-Prince-Édouard, nous sommes heureux de vous présenter le rapport annuel de 2010. Chaque année, nous avons le privilège de faire part à nos parties prenantes de nos activités et de nos résultats financiers pour l'année. Il s'agit également d'une occasion de réfléchir à la raison d'être de notre organisme et aux besoins que nous nous efforçons de satisfaire en tant qu'organisation provinciale d'indemnisation et de santé et sécurité au travail.

Étant donné que notre province est protégée par un système d'indemnisation des accidentés du travail depuis plus de 60 ans, beaucoup de nos parties prenantes ne se souviendront pas de l'époque où la Commission n'existait pas. Notre organisme a été créé pour protéger les travailleurs et travailleuses – ce qui n'inclut pas seulement ceux qui ont les moyens de présenter des demandes pour blessures corporelles par l'intermédiaire du système juridique – contre les conséquences des blessures au travail, de même que pour protéger les employeurs contre les poursuites coûteuses.

Ce système a été fondé sur les principes de l'indemnisation sans égard à la faute, de la responsabilité collective et de la garantie de paiement, et est géré par une commission indépendante jouissant d'une compétence exclusive. Appelés « principes de Meredith », d'après le nom du membre d'une commission royale de l'Ontario qui a été le premier à les proposer il y a une centaine d'années, ces principes sont toujours pertinents aujourd'hui et constituent la base des systèmes d'indemnisation à l'échelle du pays. Dans le cadre de notre réflexion sur nos activités de 2010, nous sommes heureux de souligner que la Commission des accidents du travail continue de soutenir et de promouvoir les principes de Meredith pour protéger les travailleurs, les travailleuses et les employeurs de l'Île.

Le premier principe de Meredith, l'indemnisation sans égard à la faute, fait référence à l'abandon du droit de poursuite des travailleurs, des travailleuses ou des employeurs, de sorte que les blessures et les maladies liées au travail puissent faire l'objet d'une indemnisation sans égard à la responsabilité. En 2010, les efforts de la Commission pour soutenir le système d'indemnisation sans égard à la faute ont été concentrés sur l'obtention de résultats fructueux pour les travailleuses et travailleurs accidentés dans deux domaines clés : le retour au travail effectué en toute sécurité et au bon moment, ainsi que la gestion efficace des demandes pour les blessures aux tissus mous.

Un retour au travail réussi n'est pas seulement avantageux sur le plan affectif et financier. En effet, rester actif et demeurer lié au milieu de travail peut favoriser le rétablissement d'un travailleur. En 2010, la Commission a mis sur pied la campagne d'affichage « Bridge to Recovery » (Un pont vers la guérison), qui ciblait les lieux de travail et les bureaux des fournisseurs de soins de santé

on our activities of 2010, we are pleased to highlight how the Workers Compensation Board has continued to uphold and promote Meredith's principles to protect Island workers and employers.

Meredith's first principle of no-fault compensation refers to the exchange of the right of a worker or employer to sue, so that workplace injuries and illnesses can be compensated regardless of fault. In 2010, the WCB's efforts to support a system of no-fault compensation system focused successful outcomes for injured workers in two key areas – timely and safe return to work and the effective management of soft tissue injury claims.

A successful return to work not only has emotional and financial benefits, but remaining active and connected to the workplace can promote a worker's recovery. In 2010, the WCB developed the *Bridge to Recovery* poster campaign, targeting workplaces and health care providers' offices in an effort to increase understanding and promote the benefits of work in the recovery process. This past year also saw the redevelopment of our Return to Work Workplace Guide to assist workers and employers through the process of a return to work in a timely and safe manner.

As in previous years, soft tissue injuries accounted for the majority of PEI's workplace injuries in 2010. Building upon the success of our Critical Path initiative for back injuries, in 2010 we continued our critical path work in the area of soft tissue injuries to the shoulder. Our critical paths map out the roles, responsibilities and critical points in a claim, to help employers, workers, health care providers and the WCB work together to ensure the effective management of these types of claims. This past year also saw the continued work of our claims processing improvements, particularly in the area of extended benefits, to ensure that we meet and exceed stakeholder expectations.

The extension of Meredith's no-fault principle in our compensation system is that workplace safety becomes everyone's responsibility. At the Workers Compensation Board our occupational health and safety efforts are underpinned by the belief that injuries are not inevitable, and in 2010, we increased our efforts to prevent injuries before they happen. We expanded our workplace outreach with over 200 occupational health and safety workshops and presentations. We were pleased to have the opportunity to partner with Island farmers and the Nova Scotia Agricultural College to develop the safety curriculum for the first Farm Technician Apprenticeship program. In 2010, we developed the *Work Out Loud* campaign for young workers, to leverage the enthusiasm of youth, and channel that energy into assertiveness, knowledge and action about workplace safety. The initiative also provides practical tools for employers of young workers to help them identify and address potential knowledge gaps about workplace safety. Our prevention efforts throughout 2010 benefited from the guidance of the OHS Advisory Council, whose role is to provide advice on workplace safety matters and on proposed revisions to our health and safety legislation.

pour essayer d'accroître la compréhension et de promouvoir les avantages du travail dans le processus de rétablissement. Au cours de la dernière année, la Commission a aussi préparé la mise à jour du document Return to Work – Workplace Guide (Le retour au travail : un guide pour le milieu de travail) afin d'aider les travailleurs et les travailleuses, ainsi que les employeurs dans le processus de retour au travail, de sorte qu'il soit fait au bon moment et en toute sécurité.

Comme par les années passées, les blessures aux tissus mous ont représenté la majorité des blessures au travail à l'Î.-P.-É. en 2010. En nous appuyant sur le succès de l'initiative Chemin critique pour les blessures au dos, nous avons poursuivi, en 2010, notre travail en matière de chemins critiques pour les blessures aux tissus mous de l'épaule. Les chemins critiques établissent les grandes lignes des rôles, des responsabilités et des points cruciaux liés à une demande pour aider les employeurs, les travailleurs, les travailleuses, les fournisseurs de soins de santé et la Commission à travailler conjointement afin d'assurer la gestion efficace de ce type de demande. L'an dernier, la Commission s'est également employée activement à améliorer le processus de traitement des demandes, en particulier dans le secteur des prestations prolongées, pour veiller à ce que les attentes des parties prenantes soient satisfaites, voire dépassées.

Le principe de Meredith en matière d'indemnisation sans égard à la faute est élargi dans notre système pour englober la notion voulant que la sécurité en milieu de travail soit la responsabilité de tous. À la Commission des accidents du travail, nos efforts en matière de santé et sécurité au travail sont soutenus par la croyance que les blessures sont évitables. D'ailleurs, en 2010, nous avons déployé plus d'efforts pour que les blessures soient évitées avant qu'elles ne surviennent. Nous avons augmenté nos interventions directes en milieu de travail grâce à plus de 200 ateliers et présentations sur la santé et la sécurité au travail. Nous avons été très heureux d'avoir la possibilité de nous associer avec les agriculteurs de l'Île et le Collège d'agriculture de la Nouvelle-Écosse pour élaborer le contenu sur la sécurité du premier programme d'apprentissage de techniques agricoles. En 2010, nous avons mis sur pied la campagne « Work Out Loud » (La sécurité au travail, parlons-en!) pour les jeunes travailleurs et travailleuses afin de tirer parti de l'enthousiasme de la jeunesse et de canaliser cette énergie vers l'assurance, la connaissance et l'action en ce qui a trait à la sécurité en milieu de travail. Cette initiative offre également aux employeurs de ces jeunes travailleurs et travailleuses des outils pratiques pour les aider à cerner et à combler de possibles lacunes en matière de connaissances sur la sécurité en milieu de travail. Au cours de l'année 2010, nos efforts en matière de prévention ont tiré avantage de l'orientation offerte par le Conseil consultatif sur la santé et la sécurité au travail, dont le rôle est de donner des conseils sur les questions relatives à la sécurité en milieu de travail et sur les propositions de révisions des lois en matière de santé et de sécurité.

Le principe de Meredith de la responsabilité collective consiste en le partage du coût total du système d'indemnisation. À cet égard, tous les employeurs de l'Île cotisent à la caisse des accidents. Pour que le système soit véritablement juste, la responsabilité doit correspondre aux coûts et aux risques de blessure et de maladie. Le système de classification des employeurs de la Commission groupe les employeurs selon les catégories et les taux de risque appropriés pour veiller à ce qu'il y ait suffisamment de fonds afin de couvrir les coûts liés aux blessures. En 2010, la Commission a effectué un examen approfondi du système de classification. Le but de cet

Meredith's principle of collective liability means that the total cost of the compensation system is shared, with all Island employers contributing to the accident fund. To be a truly fair system, liability must reflect costs and risks of injuries and illness. The WCB's employer classification system groups employers into appropriate risk classes and rates to ensure there are sufficient funds to cover the costs of injuries. In 2010, the Workers Compensation Board conducted a comprehensive review of the classification system. The purpose of the review was to ensure that assessment rates are aligned with injury costs and the risk of workplace injury and illness, and the system as a whole provides enhanced incentives for injury prevention and effective return to work programs.

As a result of this review, and in consultation with Island employers and employer groups, improvements to the system were implemented, effective January 2011, to make it fairer for all Island employers. Although many Island employers experienced a rate reduction as a result of the classification changes, there were some whose rates increased significantly to be more aligned with the costs and risks of workplace injury and illness in their industries. For those employers, a transition plan has been put in place to provide time to absorb the costs and to improve injury experience moving forward. Throughout 2010, the WCB met with employers and industry groups to provide greater clarification about the impact of injury experience on assessment rates and how injury prevention can help lower the overall costs of claims and subsequently their rates. In 2010, we also committed to monitoring the classification system on an annual basis, so that it will continue to reflect the realities of the costs of injuries and the risks of workplace injuries.

The principle of security of payment is closely connected to the collection of employer assessments and the management of investments. Security of payment means that a fund is established to guarantee compensation is available for injured workers when they need it. In 2010, the Workers Compensation Board continued to secure our financial sustainability, thereby securing payment for injured workers. In addition to the demonstrated effectiveness of our funding strategy in the maintenance of our funding status, in 2010 our long term investments remained stable to buttress our financial security. We are pleased to announce that we remained a fully funded organization in 2010, and continued to be able to issue prompt compensation for those who need it now and in the future.

The Workers Compensation Board has the sole authority to administer compensation claims on behalf of Island workers and employers. This is what was meant by Meredith's principle of exclusive jurisdiction, in which the WCB makes claim decisions through the application of the *Workers Compensation Act*, with every claim for compensation considered on its own merits. WCB decisions are subject to the scrutiny of an internal reconsideration process and the appeal process at the Workers Compensation Appeal Tribunal. In 2010, there was a significant

examen était de s'assurer que les taux d'évaluation correspondent bien aux coûts liés aux blessures et aux risques de blessures et de maladies associées au travail, et que le système, dans son ensemble, fournit des mesures incitatives améliorées pour la prévention des blessures et les programmes de retour au travail efficaces.

Grâce à la collaboration des employeurs et des groupes patronaux de l'Île, cet examen a eu comme résultat la mise en œuvre d'améliorations dans le système, dont l'entrée en vigueur a eu lieu en janvier 2011. Ces améliorations ont comme but de rendre le système plus équitable pour tous les employeurs de l'Île. Bien que beaucoup d'employeurs aient vu leur taux diminuer en raison des changements apportés à la classification, certains ont observé une hausse considérable de leur taux, qui a été ajusté pour mieux correspondre aux coûts et aux risques de blessures et de maladies liées au travail de leur secteur d'activité. Pour ces derniers, un plan de transition a été mis en place pour leur donner le temps de prendre en charge les coûts et d'améliorer leurs résultats en matière d'accidents de travail. Au cours de 2010, la Commission a rencontré les employeurs et les groupes industriels pour clarifier davantage les effets des résultats en matière d'accidents de travail sur les taux d'évaluation et la manière dont la prévention des blessures peut aider à baisser les coûts globaux des demandes et, par la suite, les taux. En 2010, nous nous sommes aussi engagés à soumettre le système de classification à un examen annuel suivi, de sorte qu'il continue de correspondre à la réalité relativement aux coûts et aux risques associés aux blessures au travail.

Le principe de la garantie de paiement est étroitement lié à la collecte des cotisations patronales et à la gestion des placements. La garantie de paiement comporte la création d'un fonds afin de garantir la disponibilité des indemnités pour les travailleuses et travailleurs accidentés quand ils en ont besoin. En 2010, la Commission des accidents du travail a continué d'assurer notre viabilité financière, garantissant de cette façon les indemnités pour les travailleuses et travailleurs accidentés. En plus de la preuve montrant l'efficacité de notre stratégie pour le maintien de notre taux de financement, nos placements à long terme sont demeurés stables en 2010, ce qui a soutenu notre sécurité financière. Nous sommes heureux d'annoncer qu'en 2010, notre organisme a reposé entièrement sur la capitalisation et qu'il continuera d'être en mesure de verser rapidement des indemnités aux personnes qui en ont besoin maintenant et qui en nécessiteront à l'avenir.

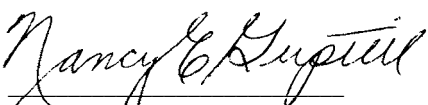
La Commission des accidents du travail détient l'autorité exclusive pour gérer les demandes d'indemnisation au nom des travailleurs, des travailleuses et des employeurs de l'Île. C'est ce en quoi consistait le principe de Meredith relatif à la compétence exclusive. Ainsi, la Commission rend ses décisions au sujet des demandes en appliquant la *Workers Compensation Act* (loi sur les accidents du travail), et juge chaque demande d'indemnisation cas par cas. Les décisions rendues par la Commission sont sujettes à faire l'objet d'une étude détaillée, dans le cas où il y aurait un nouvel examen interne ou un appel fait au Tribunal d'appel des accidents du travail. En 2010, il y a eu une baisse considérable du nombre de décisions portées en appel, ce qui pourrait être lié à l'amélioration de notre processus décisionnel. Nous avons aussi organisé durant l'année une conférence sur les réexamens internes afin de promouvoir le partage des connaissances et les pratiques exemplaires parmi les organismes d'indemnisation du Canada.

reduction in the number of appeals submitted, which may be related to improvements in our decision making. In 2010, we also organized an Internal Reconsideration Conference to promote knowledge sharing and best practices between compensation organizations across Canada.

Meredith's fifth principle, that of an independent Board autonomous from government or any special interest groups, enables the Workers Compensation Board the impartiality and accountability required to balance the interests of Island employers and workers. The WCB places a high priority on service excellence. Every other year, on an alternating basis, we poll our stakeholders to find out how we can improve our services. We are pleased to announce the results of our 2010 Injured Workers Survey reflect a high level of overall satisfaction with the WCB experience at 70.3%. In 2010, we continued to build the foundation for our E-business infrastructure, for increased convenience and accessibility for our employers, workers and health care providers.

The WCB, while an independent organization, is only as effective as the partnerships we forge with our stakeholders and with the communities we serve. In 2010, our Board members continued to reflect a diversity of viewpoints from across the Island, and represented a balance of worker and employer perspectives to guide the policy and direction of our organization. In 2010 we strengthened our partnerships with our internal stakeholders through a comprehensive staff initiative to develop leadership at all levels of the organization. We continued our partnerships at home with Island workers, employers, health care providers and educators, and across the region and the country with our Atlantic Social Marketing Partnership and through our work with the Association of Workers Compensation Boards of Canada.

As you read the balance of this report, you will find that 2010 was a successful one for the Workers Compensation Board of Prince Edward Island, as we continued to achieve the goals of our strategic plan. We thank all of our partners and stakeholders for their efforts, both in Island workplaces and within our staff team, our Board and the OHS Advisory Council. We look forward to continuing our work together to promote safe workplaces and to protect employers and injured workers, just as Meredith envisioned so many years ago.



Nancy Gupta
Chair, Workers Compensation Board
Président, Commission des accidents du travail

Le cinquième principe de Meredith, soit la création d'une commission indépendante agissant de façon autonome par rapport au gouvernement ou à tout autre groupe d'intérêt, permet à la Commission des accidents du travail d'avoir l'impartialité et la responsabilisation requises pour trouver un juste équilibre entre les employeurs et les travailleurs et les travailleuses de l'Île. La Commission accorde la plus haute importance à l'excellence du service. Tous les deux ans, nous interrogeons en alternance nos parties prenantes pour savoir de quelle manière nous pourrions améliorer nos services. Nous sommes heureux d'annoncer que les résultats de notre sondage sur les travailleuses et travailleurs accidentés pour 2010 indiquent un degré de satisfaction global élevé de 70,3 % relativement aux services de la Commission. En 2010, nous avons poursuivi la mise en place des fondements de notre infrastructure d'affaires électroniques afin d'augmenter le niveau de commodité et d'accessibilité pour les employeurs, les travailleurs et les travailleuses et les fournisseurs de soins de santé.

Bien qu'elle soit une organisation indépendante, la Commission n'est efficace que grâce aux partenariats qu'elle établit avec ses parties prenantes et les collectivités qu'elle sert. En 2010, les membres de la Commission ont continué d'exprimer différents points de vue venant de toutes les régions de l'Île, et ont présenté un ensemble équilibré de perspectives venant des travailleurs, des travailleuses et des employeurs pour guider les politiques et l'orientation de notre organisme. Au cours de l'année dernière, nous avons renforcé nos partenariats avec nos parties prenantes internes grâce à une initiative globale liée au personnel visant à améliorer le leadership à tous les niveaux de l'organisation. Dans la province, nous avons poursuivi notre collaboration avec les travailleurs, les travailleuses, les employeurs, les fournisseurs de soins de santé, les éducateurs et les éducatrices de l'Île, et à l'échelle régionale et nationale, avec l'Atlantic Social Marketing Partnership (Partenariat de marketing social de la région atlantique) et l'Association des commissions des accidents du travail du Canada.

Finalement, vous aurez constaté par la lecture de ce rapport que 2010 aura été une année couronnée de succès pour la Commission des accidents du travail de l'Île-du-Prince-Édouard, qui a poursuivi tout au long de l'année l'atteinte des objectifs de son plan stratégique. Nous remercions pour leurs efforts tous nos partenaires et nos parties prenantes, ce qui inclut les personnes œuvrant dans les différents milieux de travail de l'Île ainsi qu'au sein de notre personnel, de la Commission et du Conseil consultatif sur la santé et la sécurité au travail. Nous espérons continuer de travailler ensemble à promouvoir des milieux de travail sécuritaires et à protéger les employeurs et les travailleuses et travailleurs accidentés, comme Meredith l'a imaginé il y a de cela de nombreuses années.



Carol Anne Duffy
Chief Executive Officer, Workers Compensation Board
Directrice générale, Commission des accidents du travail

Strategic Plan

Our Plan, Our Results

The Strategic Plan (2007-2012) reflects the mission and values of the Workers Compensation Board (WCB) and focuses on five strategic themes.

Within each theme, key result areas guide specific goals, actions and measures of success. Our results are highlighted for stakeholders by key result area.



Strategic Theme: *Sharing Prevention Responsibilities*



Strategic Theme: *Improving Worker Outcomes*



Strategic Theme: *Meeting Service Expectations*



Strategic Theme: *Promoting Strength Within*



Strategic Theme: *Securing the Future*



Strategic Theme: *Sharing Prevention Responsibilities*

Key Result Area: Injury Prevention

The Workers Compensation Board recognizes that prevention is the most effective way to minimize the overall emotional, physical, and financial burden of workplace injuries. An effective injury prevention program depends on workers, employers and the Workers Compensation Board each understanding their role in making Prince Edward Island a safe place to work.

Course of Action:

The plan throughout 2010 for the Workers Compensation Board was to work collaboratively with employers, workers and safety professionals in high injury sectors to renew the focus on injury prevention and to enhance understanding of workplace safety.

Our course of action in 2010 included:

- Continuing to assess efforts to educate workers and employers on injury prevention and to implement effective education initiatives
- Reinforcing the identity of the Workers Compensation Board as an organization dedicated to the promotion of workplace safety
- Identifying and working toward target outcomes in high injury sectors

Results Summary:

Completed as of December 2010:

- √ Identified education needs, developed workshops to complement existing prevention efforts, and promoted the work shops through the OHS Calendar of Events
- √ Created the *Work Out Loud* initiative for young workers, their employers and educators to promote safe work practices for those entering the workforce
- √ Continued regional social marketing partnership with the Workers Compensation Board of Nova Scotia and the Workplace Health, Safety & Compensation Commission of Newfoundland and Labrador to produce and broadcast two new general awareness commercials, *Tape and Blade and Guard*
- √ Produced a series of safety videos to connect directly with workplaces to generate dialogue and inspire action to work safely
- √ Raised awareness of fall protection in the construction sector through television advertising
- √ Educated stakeholders on the new Occupational Health and Safety Regulations for audiometric testing
- √ Provided occupational health and safety instruction and curriculum development for a new farm technician apprenticeship program
- √ Evaluated the status and developed recommendations for the *Safety Matters* corporate identity

Key Statistics: Injury Prevention

Number of Adjudicated Claims

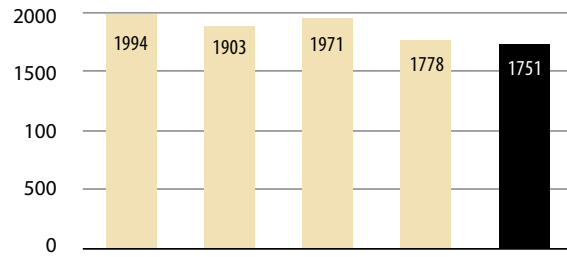
Total Adjudicated Claims: Total number of claims adjudicated for entitlement to benefits. *(Adjusted due to the restatement of fatalities.)*

Temporary Wage Loss: Claims received where, as a result of a workplace injury, compensation for wage loss is paid to a worker.

Medical Aid Only: Claims received where, as a result of a workplace injury, a worker does not lose wages but does receive medical aid which is paid on behalf of the worker by the Workers Compensation Board.

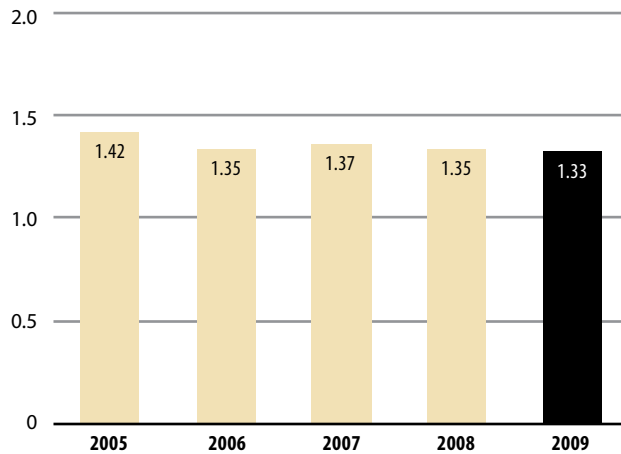
Fatalities: Claims received as a result of a workplace fatality. *(Reporting method changed for consistency with national standards)*

Denied: Claims received and determined not eligible for workers compensation system benefits under the *Workers Compensation Act*.



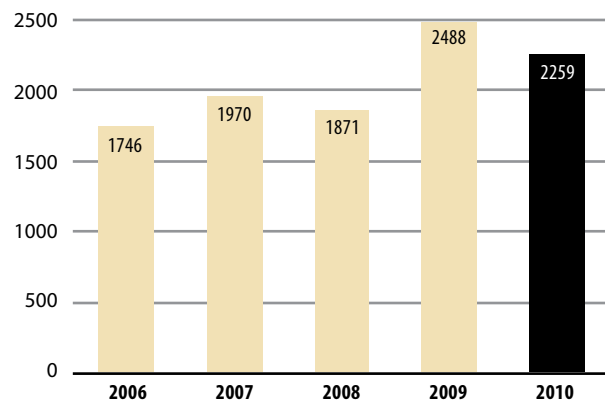
| | 2006 | 2007 | 2008 | 2009 | 2010 |
|---------------------------------|------|------|------|------|------|
| Total Adjudicated Claims | 1994 | 1903 | 1971 | 1778 | 1751 |
| Temporary Wage Loss | 809 | 862 | 866 | 830 | 810 |
| Medical Aid Only | 1043 | 904 | 955 | 790 | 859 |
| Fatalities | 1 | 3 | 2 | 2 | 0 |
| Denied | 141 | 134 | 148 | 156 | 82 |

Injury Frequency (per 100 FTE's)

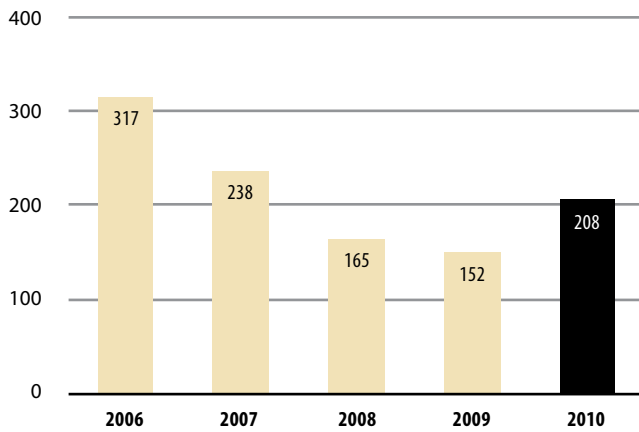


Injury Frequency: The injury frequency rate is calculated by dividing the number of claims by the number of full-time employees in a given year. A full-time employee or full-time equivalent (FTE) is defined as an employee who works the equivalent of 35 hours per week.

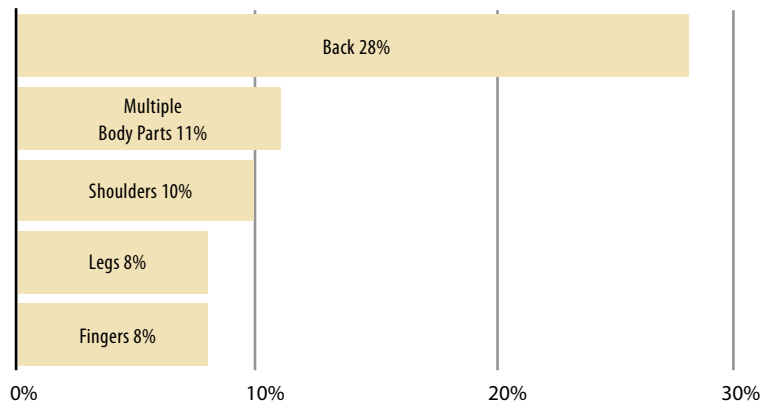
Workplace Health and Safety Inspections



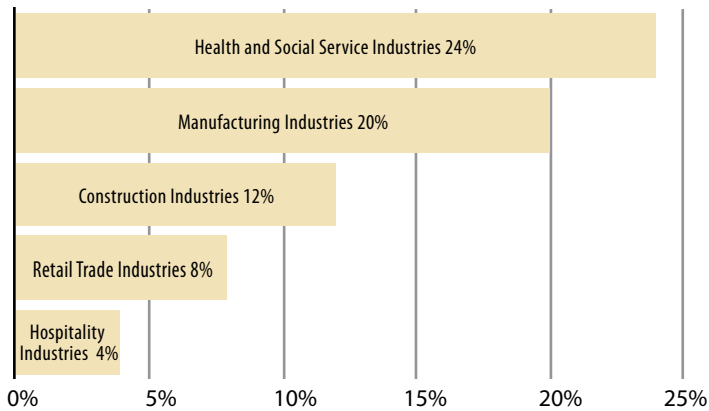
Workplace Health and Safety Workshops and Presentations



Top Five Anatomical Areas of Injury



Top Five Industries having Workplace Injuries



injury prevention ...

*depends on workers, employers and the Workers Compensation Board
each understanding their role in making Prince Edward Island a safe place to work.*



Strategic Theme: *Improving Worker Outcomes*

Key Result Area: *Improving Outcomes for Workers with Soft Tissue Injuries*

Over fifty percent of all claims filed with the Workers Compensation Board are the result of soft tissue injuries. The Workers Compensation Board is committed to effective case management for all injury types; however, a focused approach which will enhance the safe and timely return to work for workers with soft tissue injuries is essential.

Measure of Success:

- A process for managing soft tissue injury claims has been developed.
- Staff, employers, and health care providers understand the process and respective roles and responsibilities for managing soft tissue injury claims.
- Soft tissue injury claims are being identified and a process for managing soft tissue injury claims is being used.
- Workers with soft tissue injuries have more successful outcomes.

Course of Action:

Building on the defined criteria for identifying workers with soft tissue injuries and the process for managing claims, the plans for 2010 focused on:

- Education about the process
- Roles and responsibilities in soft tissue injury management to achieve successful outcomes
- Evaluation of the usefulness of injury specific information developed by the Workers Compensation Board

Results Summary:

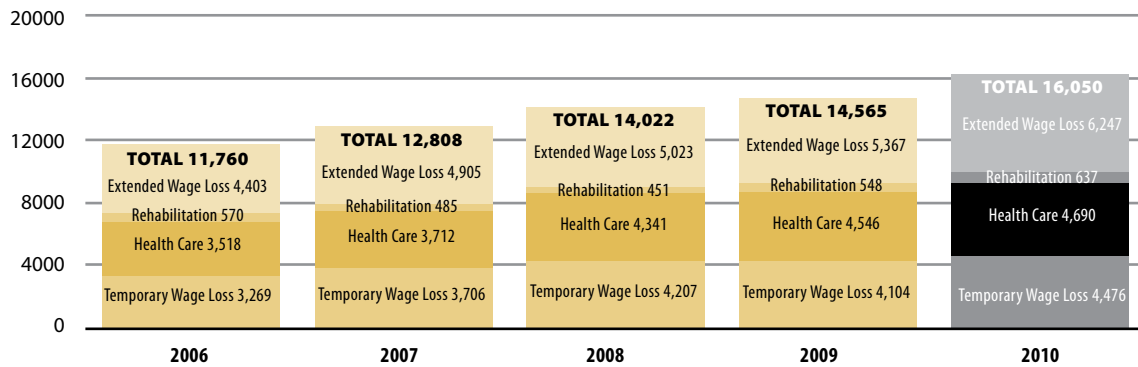
Completed as of December 2010:

- √ Amended the WCB return to work procedures to include responsibilities and action areas for the management of soft tissue shoulder injuries
- √ Engaged a Return to Work Services Coordinator to work in collaboration with employers and injured workers to promote timely and safe return to work
- √ Produced communication materials to support effective return to work programs, including a revised Return to Work Workplace Guide and the *Bridge to Recovery* poster
- √ Provided training and education for WCB staff on soft tissue injury management
- √ Developed and implemented a communication plan for the dissemination of soft tissue injury management to workers, employers, and health care providers
- √ Developed a critical path for shoulder soft tissue injury management to identify critical points, success factors, and treatment standards for health care providers, for the management of soft tissue injury claims
- √ Developed and distributed fact sheets for a variety of soft tissue injuries to the shoulder

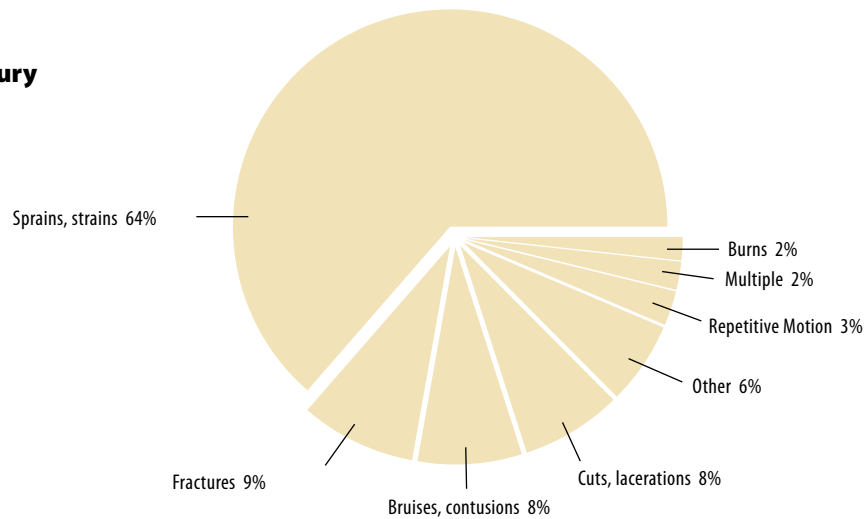
Key Statistics: Improving Worker Outcomes

\$ Benefit Payments (in thousands)

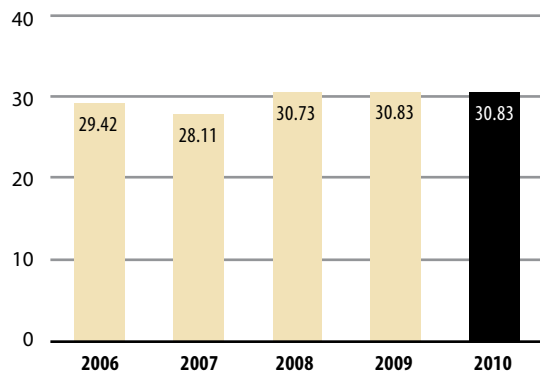
Benefit Payments: Benefit payments in any given year are associated with either injuries which occur in that year or injuries that have occurred in previous years.



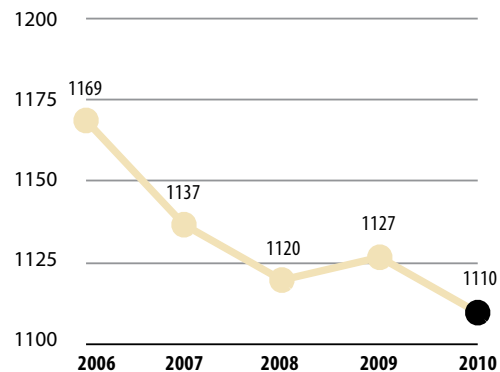
Nature of Injury



Average Claim Duration (days)



Number of Workers Receiving Extended Benefits



over 50%

of all claims filed with the Workers Compensation Board are the result of soft tissue injuries ... a focused approach which will enhance the safe and timely return to work for workers with soft tissue injuries is essential.



Strategic Theme: *Meeting Service Expectations*

Key Result Area: **Service Delivery**

Meeting service delivery expectations will always be critical to the success of the Workers Compensation Board. Past stakeholder survey results indicate that improving claim processing effectiveness will have the greatest impact in terms of stakeholder satisfaction with services delivered by the Workers Compensation Board.

Measure of Success:

- Workers Compensation Board staff, employers, workers and service providers have participated in the identification of standards for claim processing effectiveness.
- Priority claim processing standards have been identified and communicated.
- Claim processing effectiveness has improved.

Course of Action:

Building upon the efforts to establish standards for claim processing effectiveness for Workers Compensation Board staff, employers and workers, the plans for 2010 were to continue work on claim processing improvements through an iterative method of identification, implementation and evaluation.

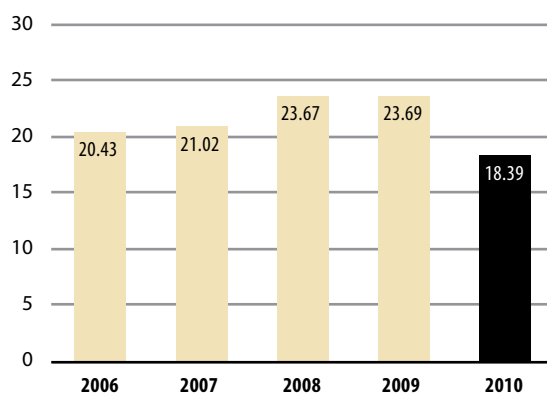
Results Summary:

Completed as of December 2010:

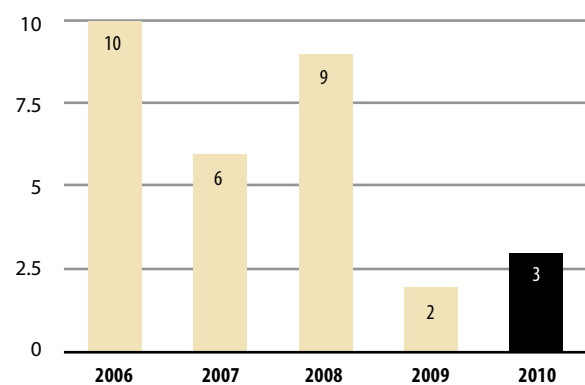
- √ Identified claim processing standards
- √ Developed and implemented intervention strategies aimed at meeting or exceeding claims processing standards
- √ Documented the priority business processes for extended benefits claims processing
- √ Developed recommendations for improvements to processing of extended benefits claims
- √ Collected preliminary baseline data to enable claim processing performance management

Key Statistics: *Service Delivery*

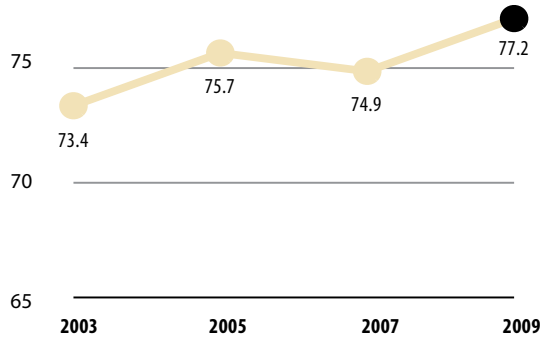
Average Calendar Days from Report of Accident to First Payment



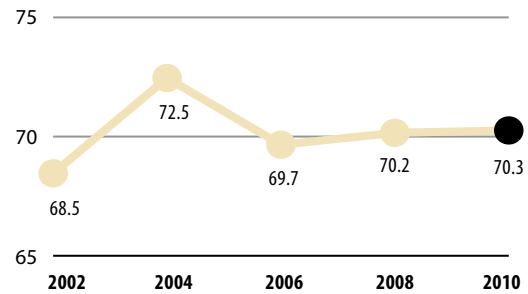
Customer Liaison Complaint Calls



Employer Survey Service Satisfaction Index

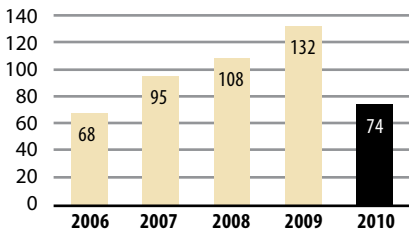


Injured Workers Survey WCB Performance Index

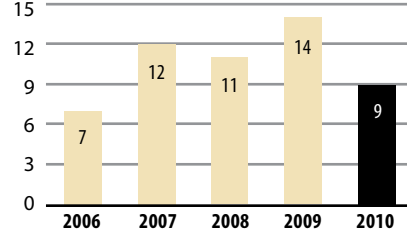


Internal Reconsideration

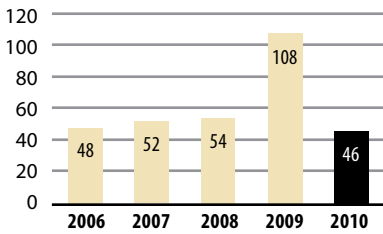
Appeals Received



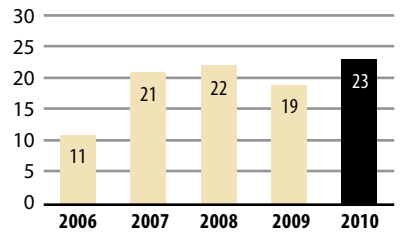
Appeals Accepted



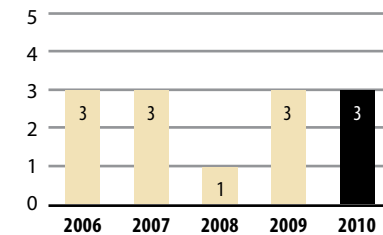
Appeals Denied



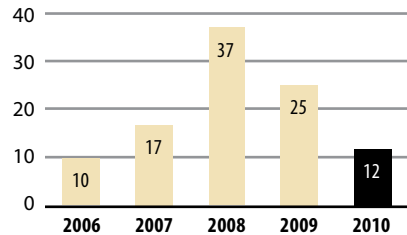
Appeals Dismissed



Appeals Withdrawn



Appeals Decision Pending



improving
claim processing ...

will have the greatest impact in terms of stakeholder satisfaction with services delivered by the Workers Compensation Board.



Strategic Theme: *Meeting Service Expectations*

Key Result Area: Information Technology (IT)

Technology continues to evolve at a rapid pace. The Workers Compensation Board recognizes the potential of the Internet for delivering core services to clients. Over the next five years, the Workers Compensation Board will roll out an E-business strategy providing secure and easy to use web-based services for clients who prefer the convenience of online access.

Measure of Success:

- A secure E-business infrastructure is in place.
- E-business services have been introduced.
- An Information Technology Business Plan has prioritized E-business requirements.
- E-business is available to stakeholders in a secure, well supported environment.
- E-business services are being used by stakeholders.

Course of Action:

Continuing with service delivery improvements for workers and employers through the incorporation of E-business into Workers Compensation Board workflow and computer systems, efforts in 2010 were focused on establishing a strong foundation for E-business services.

Results Summary:

Completed as of December 2010:

- √ Implemented an E-business infrastructure
- √ Designed and implemented a service delivery framework for E-business
- √ Identified E-service priorities
- √ Initiated the development of an E-business strategy to guide the development and implementation of E-business
- √ Developed 3 -5 year strategy for the phased implementation approach of online services, representative of WCB interactions with clients and external stakeholders

... will roll out an E- business strategy providing secure and easy to use

web-based services.



Strategic Theme: *Promoting Strength Within*

Key Result Area: *Human Resources*

A qualified, committed, and motivated staff is clearly the most valuable resource within any organization. The Workers Compensation Board must create an environment where staff believe in the work they do, have the tools, knowledge and support they need, and are challenged to contribute to ongoing improvement and positive change within the organization.

Course of Action:

In 2010, we continued our efforts to ensure that all WCB team members have a sense of accomplishment and feel valued, supported and recognized for the work they do through a renewed focus on leadership and a positive workplace culture.

Our course of action in 2010 included:

- Providing support for staff professional growth
- Implementing and monitoring the use of performance development and evaluation standards by supervisors
- Fostering a culture of corporate wellness

Results Summary:

Completed as of December 2010:

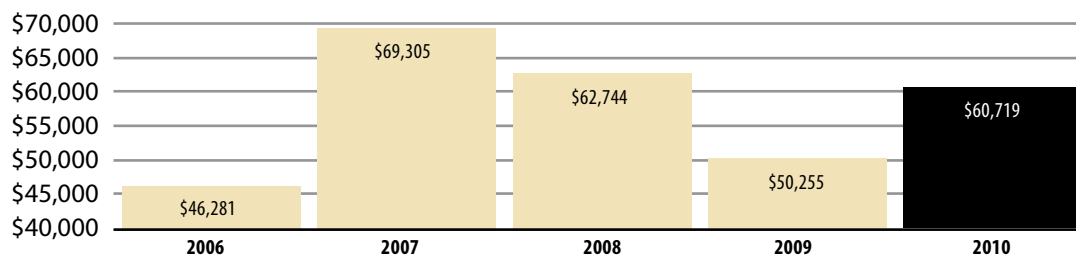
- √ Coordinated an initiative to build workplace culture at all levels of the organization
- √ Coordinated an initiative to support leadership development
- √ Coordinated an initiative to support management/supervisory development
- √ Initiated identification of next steps in the assessment and development of essential core competencies for the leadership team, managers and supervisors
- √ Engaged in research and development for a process to evaluate the effectiveness of the new performance development approach
- √ Identified and implemented corporate wellness strategy initiatives
- √ Provided and applied recommendations to support a corporate wellness culture

Measure of Success:

- Employees have participated in a review of performance development and evaluation methods.
- Performance development and evaluation procedures have been documented.
- Supervisors have been trained on performance development, evaluation procedures, and techniques for giving and receiving feedback.
- Employee satisfaction in areas specific to receiving support and recognition has improved.

Key Statistics: *Human Resources*

Investment in Employee Development





Strategic Theme: *Securing the Future*

Key Result Area: *Financial*

Long term sustainability of the workers compensation system on Prince Edward Island depends on sound fiscal management, stringent audit standards, full funding policies, and transparent financial reporting. The Workers Compensation Board is committed to protecting the future of the workers compensation system on behalf of Island workers and employers.

Measure of Success:

- The funding strategy has been amended.
- A funding policy has been developed.
- Funding targets are being maintained.
- Changing accounting standards are being monitored and potential impacts identified.

Course of Action:

In addition to our ongoing efforts to enhance understanding of the funding strategy and funding policy, and to maintain funding targets, our course of action in 2010 focused on monitoring the impact of changing accounting standards on the WCB's financial position.

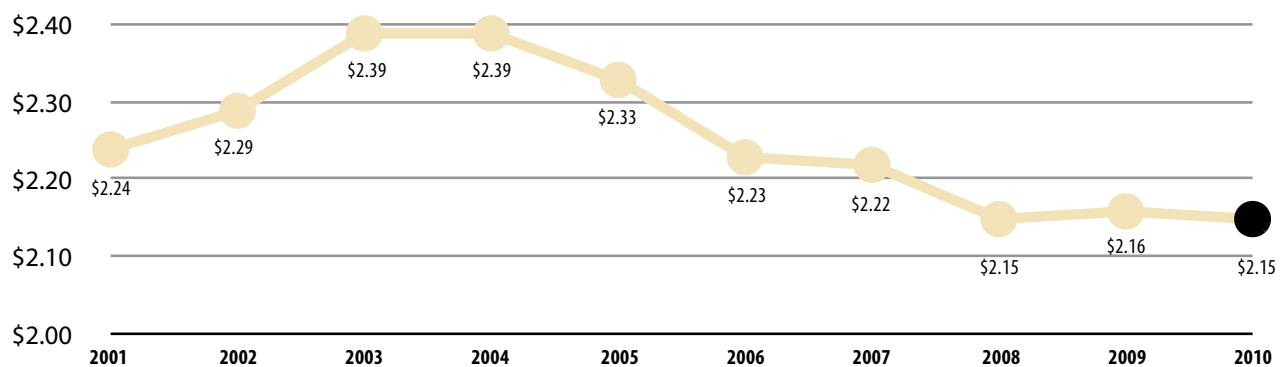
Results Summary:

Completed as of December 2010:

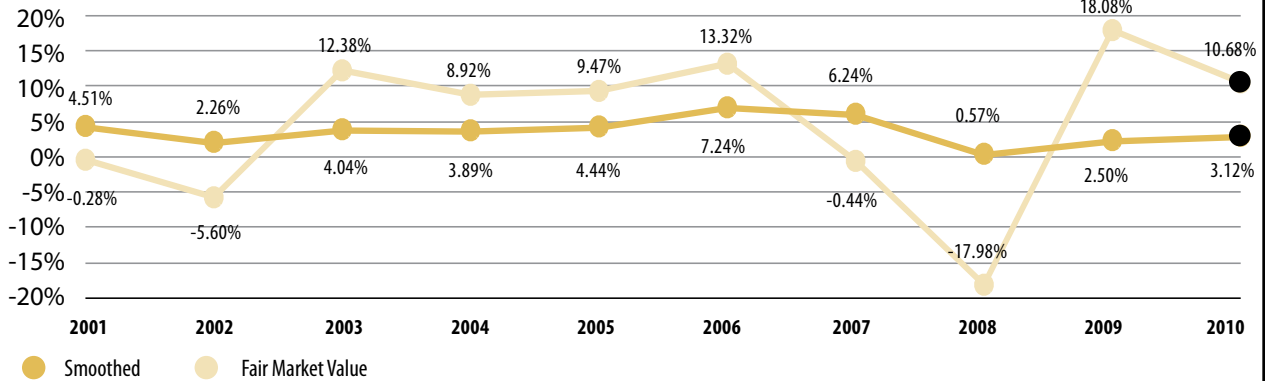
- ✓ Continued participation in the Association of Workers Compensation Boards of Canada working group on the implementation of International Financial Reporting Standards
- ✓ Identified the impacts of International Financial Reporting Standards for financial reporting for year end 2009 and 2010

Key Statistics: *Financial*

Average Assessment Rate



Investment Return (Percentage)*

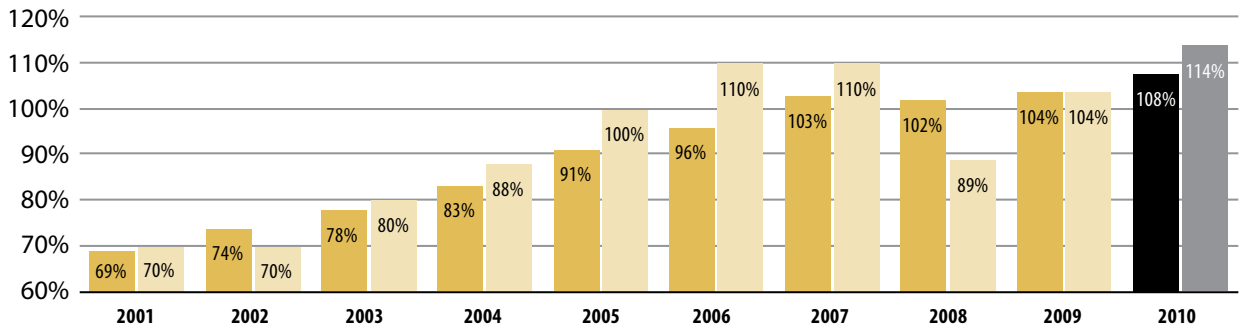


Funded Position (Percentage)

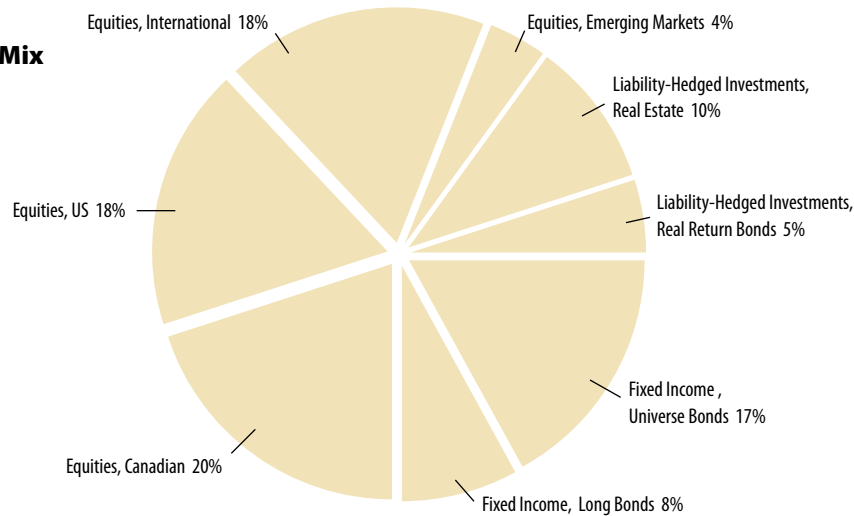
- Smoothed
- Fair Market Value

Investment returns - Smoothed:
Recognizing gains and losses of investments over five years rather than recording them entirely in the year they occur.

Investment returns - Fair Market Value:
Recognizing gains and losses of investments in the year they occur.



Target Asset Mix



Long term sustainability of the workers compensation system on Prince Edward Island depends on sound

fiscal management,

stringent audit standards, full funding policies, and transparent financial reporting.



Strategic Theme: *Securing the Future*

Key Result Area: Legislation

The Workers Compensation Board is responsible for administration of the *Workers Compensation Act* and the Occupational Health and Safety Act.

Provisions in the *Workers Compensation Act* mandate a comprehensive review every five years. The Workers Compensation Board must facilitate a fair and consultative process resulting in recommendations for change which balance the needs of workers, the needs of employers, and the fiscal responsibilities of the Workers Compensation Board.

Meeting demands for regulatory amendments within the occupational health and safety legislation will remain a priority for the Workers Compensation Board over the next number of years.

Course of Action:

The ongoing focus for 2010 was on legislation and regulations which fairly reflect the interests and needs of all stakeholders, while recognizing the need for program sustainability.

Our course of action in 2010 included:

- Recommending amendments to the *Occupational Health and Safety Act* Regulations
- Supporting *Workers Compensation Act* legislative and regulatory change processes
- Establishing policies and procedures in support of legislation and regulations which fairly reflect the needs of stakeholders

Results Summary:

Completed as of December 2010:

- ✓ Participated on the Occupational Health and Safety Advisory Council, which reviewed and recommended amendments to the *Occupational Health and Safety Act* Regulations for first aid
- ✓ Conducted a comprehensive review and evaluation of the existing employer classification, rate group structure, and methodology
- ✓ Consulted with Island employers and employer groups on proposed enhancements to the employer classification system
- ✓ Prepared for implementation of improvements to the employer classification system to make it fairer for all Island employers effective January 1, 2011

Legislative and regulatory review ... a

fair and consultative

process resulting in balance.



Strategic Theme: *Securing the Future*

Key Result Area: Business Continuity Planning

Business continuity planning is a proactive planning approach which ensures that essential services are provided during a disruption of business. The Workers Compensation Board believes that mission critical services must be available to clients should an unforeseen event cause a disruption in normal business operations.

Course of Action:

In 2010, efforts continued to ensure that the organization is prepared to provide essential services in the event of any major business disruption.

Results Summary:

Completed as of December 2010:

- √ Developed a recovery plan for each essential service
- √ Compiled the Business Continuity Planning Document
- √ Executed a business continuity table top exercise
- √ Examined the business continuity process, enterprise assessment phase recommendations and suggestions, and document status

Measure of Success:

- A business continuity risk working group is in place.
- Mission critical services have been documented.
- A Business Continuity Plan has been formalized and communicated to staff within the Workers Compensation Board.
- Procedures for Business Continuity Plan maintenance are in place.

The Workers Compensation Board believes that

mission critical services

must be available to clients should an unforeseen event cause a disruption in normal business operations.

At a Glance

Key Statistical Measures



| KEY STATISTICAL MEASURE | 2009 | 2010 |
|--|------------|------------|
| Workers | | |
| Claims adjudicated | 1,778 | 1,751 |
| Claims accepted | 1,622 | 1,669 |
| Claims denied | 156 | 82 |
| Temporary wage loss claims | 830 | 810 |
| Medical aid only claims | 790 | 859 |
| Fatalities | 2 | 0 |
| Maximum annual earnings level | 47,500 | 47,500 |
| Average calendar days from report of accident to first payment | 23.69 | 18.39 |
| Average claim duration (days) | 30.83 | 30.83 |
| Employers | | |
| Assessable payroll (in millions) | \$1,342.92 | \$1,599.41 |
| Assessment revenue (in millions) | \$29.44 | \$32.05 |
| Average assessment rate (per \$100 assessed payroll) | \$2.16 | \$2.15 |
| Maximum assessable earnings | \$47,500 | \$47,500 |
| Number of assessed employers | 4963 | 4991 |
| Prevention | | |
| Workplace health and safety inspections | 2488 | 2259 |
| Complaint investigations | 92 | 62 |
| Occupational Health and Safety violation orders | 1489 | 1783 |
| Serious accident investigations | 75 | 102 |
| Workplace health and safety workshops and presentations | 152 | 208 |
| Prosecutions | 1 | 0 |
| Finance | | |
| Benefits liability (in millions) | \$127.14 | \$143.56 |
| Fund balance (in millions) | \$4.86 | \$20.18 |
| Administration costs (in millions) | \$6.61 | \$6.84 |
| Market rate of return on portfolio | 18.08% | 10.68% |
| Workers Compensation Appeal Tribunal (WCAT) Appeals | | |
| Appeals initiated by workers | 44 | 18 |
| Appeals initiated by employers | 4 | 5 |
| Appeals resolved | 21 | 28 |

Financial Statements



Preface to the audited financial statements

2010 Financial Reporting

During the 2004 year, all Workers Compensation Boards in Canada were required to change their investment accounting policy in their financial statements as a result of new standards introduced by the Canadian Institute of Chartered Accountants. Investments must now be recorded at their fair value which is essentially their market value.

Under the old policy, Workers Compensation Boards in Canada had smoothed gains and losses on the sales of investments over five years rather than recording them entirely in the year they were sold. The result of doing this was to reduce the volatility experienced in the Board's financial results as the annual investment income was more comparable to the long term rate of return than rates experienced over the short term. This gave stability to assessment rates and ensured that annual assessment rates were not set based on volatile annual investment returns.

Under the new policy, gains and losses are recognized in the year they occur. This introduces a significant amount of volatility to the Board's financial results. As is outlined in the 2010 financial statements, the Board's financial results for the 2010 year were \$9.2 million better than they would have been under the old investment policy.

The Board's funded percentage, as determined on its traditional method of recording investments was 107.6% at the end of 2010 compared with 103.9% at the end of 2009. The adoption of the new accounting standards for investments results in a funding ratio at the end of 2010 of 113.8%.

The Board cannot use an accounting policy alone to drive its key business decisions. Assessment rates for employers and benefit levels for injured workers cannot be based on short-term, annual investment gains or losses, which by their nature, are unpredictable and not guaranteed to be sustained over the long term. The Board's financial capacity to lower rates or increase benefits has to continue to be based on the long-term expectation for investment returns. As a result, the Board intends to continue setting assessment rates based on the long-term expected rate of return rather than short-term results.

In 2002, the Board implemented a funding strategy to address retirement of the unfunded liability as at December 31, 2001. In 2007, the Board replaced this funding strategy with a funding policy which recognizes current funding levels and is aimed at maintaining a financial position of fully funded.

The primary goals of the funding policy are to minimize the risk of becoming unfunded, thereby ensuring there is sufficient money available for payment of current and future worker benefits; minimize cost volatility for employers so that the overall average assessment rate for the current year will not vary significantly over the previous year's overall average assessment rate; minimize the total cost charged to employers by ensuring the funded status is appropriate in relation to financial needs; ensure today's employers pay for the current and future cost of today's accidents.

The funding policy will target a funding status in the range of 100% - 110% and includes specific adjustments to be applied to the assessment rate setting process should the funding status fall outside this range.

We expect the Board to maintain strong financial results despite fluctuations and erratic movements of the investment market. We will also continue to be prudent when recognizing investment gains and losses over a reasonable time period when setting rates and evaluating the funding strategy.



ACTUARIAL CERTIFICATE

We have completed an actuarial valuation of the benefits liabilities for insured employers under the Workers Compensation Act of Prince Edward Island as at December 31, 2010. The purpose of the valuation is to provide adequate and appropriate estimates of the present value of future benefit obligations for inclusion in the Board's 2010 financial statements.

Our estimate of the benefits liabilities of \$143,561,000 represents the actuarial present value, at December 31, 2010, of expected benefit payments and their associated administrative costs, which will be made in future years, and which relate to claims arising from events that occurred on or before December 31, 2010. The liability includes obligations assumed from the Province of Prince Edward Island, as a result of the Province changing from a self-insured to an insured employer. As in previous valuations, the benefits liabilities do not include any provision for future claims related to occupational disease. No allowance has been made for any possible future deviations from the present policies and practices of the Board or for the extension of new coverage types.

All liabilities have been calculated using an underlying assumption of a 3.5% real rate of return on invested assets. The Consumer Price Index is estimated to increase at a rate of 3.5% per annum.

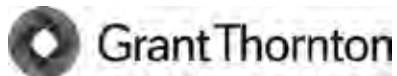
The liabilities in respect of temporary wage loss, lump-sum payments, hospital, medical aid, and rehabilitation benefits have been determined from projections of future claim payments. These projections have been based on factors developed from the Board's claims experience and average benefit payments in recent years.

Additional information regarding our actuarial valuation is provided in our more detailed valuation report to the Board.

We have reviewed the data which were used for the valuation to test for reasonableness and consistency with the data available from other sources. In our opinion, the data are sufficient and reliable for the purpose of this valuation.

In our opinion, the actuarial assumptions are appropriate for the purpose of the valuation and the methods employed are consistent with sound actuarial principles. Our valuation report has been prepared and our opinions have been given in accordance with accepted actuarial principles.

Paul G. Conrad FCIA, FSA, MAAA
Eckler Ltd.
February, 2011



Independent auditors' report

To the members of the Board of the

Workers Compensation Board of Prince Edward Island

We have audited the accompanying financial statements of the Workers Compensation Board of Prince Edward Island, which comprise the balance sheet as at December 31, 2010, the statement of operations, fund balance and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Workers Compensation Board of Prince Edward Island as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Charlottetown, Prince Edward Island

March 24, 2011

A handwritten signature in cursive script that reads "Grant Thornton LLP".

Chartered Accountants

Workers Compensation Board of Prince Edward Island Statements of operations and fund balance

| Year ended December 31 | 2010 | 2009 |
|---|----------------------|----------------------|
| Revenues | | |
| Current assessments | \$ 32,053,442 | \$ 29,443,082 |
| Self-insured employers (Note 12) | 783,276 | 2,147,976 |
| Investments (Note 4) | 13,231,909 | 18,057,098 |
| Recoverable administration fees and interest charges to self-insured employers (Note 12) | <u>253,981</u> | <u>791,643</u> |
| | <u>46,322,608</u> | <u>50,439,799</u> |
| Expenditures | | |
| Expected increase (Note 11) | 9,674,000 | 8,460,000 |
| Changes in actuarial assumptions and methodology (Note 11) | 936,000 | (1,564,000) |
| Experience (gains) losses (Note 11) | (3,804,000) | 593,000 |
| Claims and administrative costs incurred (Note 11) | 17,093,000 | 15,512,000 |
| Other experience gains (Note 15) | (957,342) | - |
| Claims costs incurred for self-insured employers (Note 12) | <u>783,276</u> | <u>2,147,976</u> |
| | <u>23,724,934</u> | <u>25,148,976</u> |
| | <u>22,597,674</u> | <u>25,290,823</u> |
| Administration (Page 46) | 6,835,883 | 6,607,181 |
| Workers' Advisor Program (Note 9) | 141,083 | 148,349 |
| Employers' Advisor Program (Note 9) | 133,862 | 130,690 |
| Appeals Tribunal (Note 9) | <u>171,726</u> | <u>151,033</u> |
| | <u>7,282,554</u> | <u>7,037,253</u> |
| Excess of revenues over expenditures | <u>\$ 15,315,120</u> | <u>\$ 18,253,570</u> |
| <hr/> | | |
| Fund balance (unfunded liability), beginning of year | \$ 4,862,828 | \$ (13,390,742) |
| Excess of revenues over expenditures | <u>15,315,120</u> | <u>18,253,570</u> |
| Fund balance, end of year | <u>\$ 20,177,948</u> | <u>\$ 4,862,828</u> |

See accompanying notes to the financial statements

Workers Compensation Board of Prince Edward Island Balance sheet

| December 31 | 2010 | 2009 |
|-------------------------------------|-----------------------|-----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 9,002,574 | \$ 6,052,597 |
| Receivables (Note 3) | 1,034,017 | 1,478,892 |
| Investments (Notes 2, 4 and 5) | 152,393,484 | 122,059,282 |
| Capital assets (Note 6) | 2,185,244 | 2,287,285 |
| Intangible assets (Note 7) | <u>1,915,960</u> | <u>1,984,089</u> |
| | \$ 166,531,279 | \$ 133,862,145 |
| Liabilities and fund balance | | |
| Payables and accruals | \$ 1,890,731 | \$ 1,058,517 |
| Employee future benefits (Note 10) | 901,600 | 802,800 |
| Benefits liabilities (Note 11) | <u>143,561,000</u> | <u>127,138,000</u> |
| | 146,353,331 | 128,999,317 |
| Fund balance (Note 14) | <u>20,177,948</u> | <u>4,862,828</u> |
| | \$ 166,531,279 | \$ 133,862,145 |

Contingent liabilities (Note 13)

On behalf of the Board

 Chair

 Chief Executive Officer

See accompanying notes to the financial statements.

Workers Compensation Board of Prince Edward Island

Statement of cash flows

Year ended December 31

2010

2009

Cash flow from operating activities

Cash received from:

| | | |
|---|-------------------|-------------------|
| Assessed employers | \$ 32,746,697 | \$ 28,574,579 |
| Deposit from Province of Prince Edward Island from assumption of benefit liabilities (Note 15) | 14,064,000 | - |
| Self insured employers for assessments | 922,626 | 2,207,220 |
| Investments and other | <u>3,185,040</u> | <u>2,927,663</u> |
| | <u>50,918,363</u> | <u>33,709,462</u> |

Cash paid:

| | | |
|---|---------------------|---------------------|
| To claimants or third parties on their behalf | (19,516,985) | (19,003,976) |
| For administration requirements and other goods | (2,513,099) | (1,580,133) |
| For salaries to employees | <u>(5,224,950)</u> | <u>(5,069,083)</u> |
| | <u>(27,255,034)</u> | <u>(25,653,192)</u> |

Net cash provided by operating activities

23,663,329 8,056,270

Cash flow from investing activities

Cash received from:

| | | |
|---------------------|-------------------|-------------------|
| Sale of investments | <u>86,222,478</u> | <u>40,110,352</u> |
|---------------------|-------------------|-------------------|

Cash paid for:

| | | |
|----------------------------|----------------------|---------------------|
| Purchase of investments | (106,525,268) | (44,253,570) |
| Purchase of capital assets | <u>(410,562)</u> | <u>(631,382)</u> |
| | <u>(106,935,830)</u> | <u>(44,884,952)</u> |

Net cash used in investing activities

(20,713,352) (4,774,600)

Net decrease in cash and short term investments

2,949,977 3,281,670

Cash and cash equivalents

Beginning of year

6,052,597 2,770,927

End of year

\$ 9,002,574 \$ 6,052,597

See accompanying notes to the financial statements.

Workers Compensation Board of Prince Edward Island

Notes to the financial statements

December 31, 2010

1. Nature of operations

The Workers Compensation Board of Prince Edward Island ("the Board") was established by the Prince Edward Island Legislature in 1949 under the *Workers Compensation Act*. The Board has a mandate for the administration of a workers' compensation system as defined by the *Workers Compensation Act* and for the administration of health and safety programs as defined by the *Occupational Health and Safety Act*.

The nature of operations includes administering payments of benefits to or on behalf of workers, levying and collecting assessment revenues from employers, investing Board funds, inspecting Prince Edward Island workplaces, enforcing health and safety standards defined by legislation and delivering health and safety education and prevention programs. The current *Workers Compensation Act* became effective on January 1, 1995. The current *Occupational Health & Safety Act* became effective on May 20, 2006.

The Board does not receive government funding.

2. Summary of significant accounting policies

Basis of presentation

The financial statements of the Board have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Cash and short term investments held by custodians for investment purposes are not available for general use, and accordingly are included in investments.

Assessment revenues

Assessments are billed when employers file their insurable payroll for the current assessment year. Assessment revenues for the year are recognized on an estimated basis as insurable payroll is incurred. For employers who have not filed, assessments are estimated.

Self-insured employers are subject to individual responsibility for costs attributable to claims arising from their employees, as well as administration expenses incurred on behalf of the self-insured employers. As such, assessment revenues from self-insured employers are recognized as these costs are incurred.

Accrued assessments receivable

At the beginning of each year, an assessment is levied on non-monthly employers by applying industry assessment rates to their estimated payrolls. During the year, employers' actual payrolls may vary from their estimate; therefore, at year end, accrued assessments receivable are adjusted based on payroll adjustments from the prior year. The accrued assessments are determined excluding those employers whose assessments are levied on a monthly basis.

Workers Compensation Board of Prince Edward Island

Notes to the financial statements

December 31, 2010

2. Summary of significant accounting policies (cont'd)

Investments

The Board has classified its investments as held for trading. As such, investments are recorded at their fair value. The Board recognizes interest revenue as earned, dividends when declared and investment gains and losses when realized. Realized gains and losses represent the difference between the amounts received through the sale of the investments and their respective cost base. Unrealized gains and losses on held for trading investments are recognized at year end based on the fair value of the investments. Transaction costs are recognized as an expense in the statement of operations. Direct investment expenses such as external custodial and management fees are netted against investment income.

Fair values of investments are determined as follows:

- Equities are valued at their year end quoted market prices as reported on recognized public securities exchange.
- Fixed-term investments are valued at their year end closing or bid price based on available public quotations from recognized dealers in such securities.
- Commercial paper, short term notes and treasury bills and term deposits maturing within a year are valued at either their year end closing or bid price based on available quotations from recognized dealers in such securities, or cost plus accrued interest, which approximates fair value.
- Pooled fund units are valued at their year end net asset value, as determined by the fund manager or administrator. These values represent the Board's proportionate share of underlying net assets at fair values determined using either quoted market prices or year end closing market prices or the average of the latest bid/ask prices based on available public quotations from recognized dealers in such securities.
- Forward foreign exchange contracts are valued at their net unrealized gain or loss, based on quoted market exchange rates at the balance sheet date.
- Real estate is originally recorded at cost from the date of acquisition until receipt of the first appraisal. After receipt of the first appraisal, they are recorded at their most recent external appraisal value. Real estate investments are appraised annually by qualified external real estate appraisers.

Foreign currencies

Assets denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the balance sheet date. Income from these assets is translated at the rate in effect at the time the income is received.

Realized exchange gains or losses are included in investment income and recognized in the period earned. Unrealized exchange gains or losses resulting from the translation of foreign currency denominated asset balances are recorded in investment income in the period in which they arise.

Capital assets

Property and equipment are reported at cost and are depreciated over their estimated lives on the straight line basis for building and on the declining balance basis for furniture and fixtures and computer equipment. Assets are depreciated at 50% of the applicable rate in the year of acquisition. The rates used are as follows:

| | |
|------------------------|-------------------------|
| Building | 40 years, straight line |
| Furniture and fixtures | 10%, declining balance |
| Computer equipment | 20%, declining balance |

Workers Compensation Board of Prince Edward Island

Notes to the financial statements

December 31, 2010

2. Summary of significant accounting policies (cont'd)

Intangibles

Intangible assets of internally developed software are recognized based on the criteria in CICA Handbook Section 3064, "Goodwill and Intangible Assets". Research and development costs incurred prior to the establishment of the technological and financial feasibility of particular software project are expensed as incurred. Software development costs are capitalized and recognized at cost when the Board can demonstrate the technical and financial feasibility of completing the asset will result in a useable intangible asset with future economic benefits for the Board. Internally developed intangibles include the cost of software tools and licences used in the development of the Board's software programs, as well as all directly attributable payroll and consulting costs.

Internally developed software is amortized 20% per year on the declining balance basis.

Employee future benefits

Permanent employees of the Board participate in a defined benefit pension plan sponsored by the Province of Prince Edward Island. As these multi-employer plans meet the accounting requirements for treatment as defined contribution plans, the current year employer contributions are accounted for as current pension expense.

The cost of retirement pay benefits earned by employees is actuarially determined using the projected unit credit method pro rated on service. Benefits are projected with management's best estimate of salary escalations to retirement and then pro-rated based on service.

Benefits liabilities

An independent consulting actuary completes a valuation of the components of the benefits liabilities of the Board on an annual basis.

The benefits liabilities represent the actuarial present value of all future benefit payments expected to be made for claims which occurred in the current fiscal year or in any prior year. The benefits liabilities include provision for all benefits provided by current legislation policies and administrative practices in respect of existing claims.

The Board believes that the amount provided for benefit liabilities as at December 31, 2010 is adequate, recognizing that actuarial assumptions as disclosed in Note 11 may change over time to reflect underlying economic trends. When they do, it is possible to cause a material change in the actuarial present value of the future payments.

Workers Compensation Board of Prince Edward Island

Notes to the financial statements

December 31, 2010

2. Summary of significant accounting policies (cont'd)

Accounting estimates and measurement uncertainty

The preparation of financial statements in conformity with GAAP requires the use of estimates as at the date of the financial statements that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities and the reported amounts of revenues and expenses during the reporting periods presented.

Measurement uncertainty exists when there is a variance between the recognized amount and another reasonable amount. Some accounting measurements require management's best estimate, based on assumptions as at the financial statement date that reflect the most probable set of economic conditions and planned courses of action.

Benefit liabilities, employee future benefits, accrued assessments, allowance for doubtful accounts and depreciation are the most significant items that are based on accounting estimates. Actual results could differ from the estimates made by management in these financial statements, and these differences, which may be material, could require adjustment in subsequent reporting periods.

Changes in accounting policies

Recent accounting pronouncements

In January 2010, CICA Handbook Section 1582, "Business Combinations", was issued replacing the former CICA Handbook Section 1581, "Business Combinations". This section establishes standards for the accounting for a business combination under the acquisition method. This new section applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period beginning after January 1, 2011. Management does not anticipate that this section will have a material impact on its financial statements.

The Accounting Standards Board announced on February 13, 2008 that International Financial Reporting Standards (IFRS) will be required in 2011 for publicly accountable enterprises. The changeover date is for annual financial statements relating to fiscal years beginning on or after January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosure requirements. As a result, the Board has established a changeover plan to convert to these new standards within the time frame indicated above. An implementation team has been created and third party advisors have been engaged to provide support to the Board's staff. The Board has completed its analysis of IFRS and has concluded that the initial impact to the financial position and results of operations are not significant. However, there will be extensive enhancement to the note disclosures as required under IFRS.

Workers Compensation Board of Prince Edward Island Notes to the financial statements

December 31, 2010

| 3. Receivables | <u>2010</u> | <u>2009</u> |
|--|-----------------------|-----------------------|
| Assessments | \$ 1,383,152 | \$ 1,186,993 |
| Accrued assessments | (435,250) | 81,891 |
| Other | 86,698 | 71,241 |
| Self-insured employers | <u>(583)</u> | <u>138,767</u> |
| | <u>\$ 1,034,017</u> | <u>\$ 1,478,892</u> |
| <hr/> | | |
| 4. Investments | <u>2010</u> | <u>2009</u> |
| Cash and short term investments | \$ 2,171,516 | \$ 2,282,082 |
| Forward foreign exchange contracts | 754,635 | 437,382 |
| Real estate | 9,700,811 | - |
| Fixed term investments | 44,055,326 | 40,390,929 |
| Equities | <u>95,711,196</u> | <u>78,948,889</u> |
| | <u>\$ 152,393,484</u> | <u>\$ 122,059,282</u> |
| | | |
| Investment income (loss) | | |
| Earned during the year, net of portfolio management expenses | \$ 3,200,497 | \$ 2,925,529 |
| Realized investment gains (losses) | 1,029,290 | (2,550,644) |
| Unrealized investment gains | <u>9,002,122</u> | <u>17,682,213</u> |
| | <u>\$ 13,231,909</u> | <u>\$ 18,057,098</u> |

Investment agreement

The Board has entered into an Investment Agreement (January 1995) for the management of its investment assets with those of Worksafe NB. These financial statements report the Board's proportionate share of the investment assets held in the pooled fund which was 13.1% at December 31, 2010 (2009 – 12.3%). The Board pays a fee to Worksafe NB for the administration of the combined investments.

Workers Compensation Board of Prince Edward Island

Notes to the financial statements

December 31, 2010

5. Financial risk management

The Board has established policies for management of its investments. All of the Board's pooled investments are managed by independent, external investment managers. The compliance of these managers with the established policies is monitored on a regular basis. The pooled investments are managed to reduce investment risk by diversifying its portfolio among asset classes, industry sectors, geographic locations and individual securities. Further diversification is achieved by selecting investment managers with varying investment philosophies and styles. From time to time, in conjunction with WorkSafe NB, independent consultants are retained to advise on the appropriateness and effectiveness of its investment policies and practices.

The following sections describe the Board's financial risk exposure and related mitigation strategies.

Market risk

The Board invests in publicly traded equities listed on domestic and foreign exchanges, and bonds traded over the counter through broker dealers and Canadian commercial real estate held via pooled funds. These securities are affected by fluctuations in market prices. Such market changes are subject to economic factors and other fluctuations in domestic and global capital markets, as well as risks to issuers, which may affect the market value of individual securities. Policy guidelines have been established to ensure that the Board's investments are diversified by issuer, industry and geographic location.

The table below indicates the total exposure in each of the equity and real estate mandates within the Board's portfolio:

| | <u>2010</u> | <u>2009</u> |
|---------------------------------|----------------------|----------------------|
| Canada equities | \$ 31,732,122 | \$ 26,017,415 |
| Unites States equities | 30,940,267 | 25,037,298 |
| International equities | 26,258,465 | 21,753,957 |
| Canadian commercial real estate | 9,700,811 | - |
| Emerging markets equities | <u>6,780,342</u> | <u>6,140,219</u> |
| | <u>\$105,412,007</u> | <u>\$ 78,948,889</u> |

The table below presents the effect of a change in value of equities and real estate held based on management estimates for each of the equity mandates in the Boards' portfolio:

| | 2010 | | | |
|--|--------------|--------------|----------------|----------------|
| | <u>15%</u> | <u>5%</u> | <u>-5%</u> | <u>-15%</u> |
| Change in market value | | | | |
| Impact on fund balance | | | | |
| Canadian equities | \$ 4,760,000 | \$ 1,587,000 | \$ (1,511,000) | \$ (4,139,000) |
| United States equities | 4,641,000 | 1,547,000 | (1,473,000) | (4,036,000) |
| International equities | 3,939,000 | 1,313,000 | (1,250,000) | (3,425,000) |
| Canadian commercial real estate | 1,455,000 | 485,000 | (462,000) | (1,265,000) |
| Emerging markets equities | 1,017,000 | 339,000 | (323,000) | (884,000) |

| | 2009 | | | |
|----------------------------------|--------------|--------------|----------------|----------------|
| | <u>15%</u> | <u>5%</u> | <u>-5%</u> | <u>-15%</u> |
| Change in market value | | | | |
| Impact on fund balance | | | | |
| Canadian equities | \$ 3,903,000 | \$ 1,301,000 | \$ (1,239,000) | \$ (3,394,000) |
| United States equities | 3,756,000 | 1,252,000 | (1,192,000) | (3,266,000) |
| International equities | 3,263,000 | 1,088,000 | (1,036,000) | (2,837,000) |
| Emerging markets equities | 921,000 | 307,000 | (292,000) | (801,000) |

Workers Compensation Board of Prince Edward Island

Notes to the financial statements

December 31, 2010

5. Financial risk management (cont'd)

Foreign currency risk

The Board has certain investments denominated in foreign currencies. Currency risk is the risk that the value of these investments will fluctuate due to changes in foreign exchange rates. For its U.S. and non North American equities, the Board has adopted a policy to hedge 50% of its developed market foreign currency exposure using forward exchange contracts. Forward foreign exchange contracts are agreements to exchange an amount of one currency for another at a future date and at a set price, agreed upon at the contract's inception. The fair value of these financial instruments would change in response to changes in the foreign exchange rates of the currencies involved in the contracts. The notional amounts in forward foreign exchange contracts are the contractual amounts on which payments are made. These notional amounts have been converted into Canadian dollars at the contractual exchange rates in effect at the inception of the contracts. Outstanding contracts from 2010 mature in the first three months of 2011.

The Board has significant current exposure in the US dollar, the Euro, the Japanese Yen and the British Pound. Exposure to changes in these four currencies represents 90% of the Board's total exposure to developed market foreign currencies and 80% of the total foreign currency exposure including emerging markets. The Board has holdings of \$30,103,000 (2009 - \$33,142,000) in US dollar or 25.6% of the portfolio, \$7,492,000 (2009 - \$6,530,000) or 5% in the Euro, \$5,332,000 (2009 - \$4,610,000) or 3.5% in the Japanese Yen, and \$6,035,000 (2009 - \$4,534,000) or 4% in the British Pound.

The table below presents the effects of a 15% appreciation in the Canadian dollar as compared to the US dollar, Euro, Japanese Yen and British Pound on the fund balance:

| | <u>2010</u> | <u>2009</u> |
|-----------|----------------|----------------|
| CAD/USD | \$ (3,926,000) | \$ (4,323,000) |
| CAD/EURO | \$ (977,000) | \$ (852,000) |
| CAD/YEN | \$ (695,000) | \$ (601,000) |
| CAD/POUND | \$ (787,000) | \$ (591,000) |

At December 31, 2010, the notional value of outstanding forward foreign exchange contracts was \$26,425,509 (2009 - \$22,543,800). The fair value of these contracts was \$754,635 (2009 - \$437,382). Unrealized gains on forward foreign exchange contracts of \$297,253 (2009 - \$437,382) were included in investment income.

Workers Compensation Board of Prince Edward Island

Notes to the financial statements

December 31, 2010

5. Financial risk management (cont'd)

Interest risk management

Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates. The Board's investment portfolio is exposed to interest rate risk from its holdings of fixed income securities. Fluctuations in interest rates are managed by varying the duration of the fixed income portfolio.

The table below presents the remaining term to maturity of the Board's outstanding fixed term investments.

| | <u>Remaining term to maturity</u> | | | <u>Total 2010</u> | <u>Total 2009</u> |
|--|-----------------------------------|-----------------------------------|----------------------|-----------------------|-----------------------|
| | <u>Within 1 year</u> | <u>From 1 year to 5 years</u> | <u>Over 5 years</u> | | |
| Fixed term investments (market value) | <u>\$ -</u> | <u>\$ 12,476,228</u> | <u>\$ 31,579,098</u> | <u>\$ 44,055,326</u> | <u>\$ 40,390,929</u> |

The average effective yield of these fixed term investments is 3.0% (2009 – 3.4%) per annum based on market value.

As of December 31, 2010, had the prevailing interest rate changed by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, the value of the fixed term investments would have increased or decreased by \$3,150,000 (2009 - \$3,424,000) or approximately 9.4% (2009 – 9.1%) of their value.

Credit risk management

Credit risk on fixed term or money market investments or forward foreign exchange contracts arises from the possibility that the counterparty to an instrument fails to meet its obligation to the Board. Policy guidelines have been established to ensure the Board holds corporate fixed term investments with a credit rating of A or higher, and Canadian federal or provincial government fixed term investments with a credit rating of BBB or higher. The Board may only invest in money market instruments that are provincially or federally guaranteed by one of the five largest Canadian chartered banks. Counterparties to forward foreign exchange contracts must have a credit rating of at least AA-. As at December 31, 2010, the aggregate amount of fixed income securities with counterparty ratings of BBB was \$44,919 (2009 - \$140,652).

The Board is also exposed to credit risk through its trade receivables. The Board mitigates this risk through a regular monitoring process. Credit risk is mitigated due to the large number of customers and their dispersion across geographic areas and various industries. Allowance for doubtful accounts is reviewed at each balance sheet date. The Board updates its estimates of allowances for doubtful accounts based on customer history.

Fair value hierarchy

In compliance with CICA Handbook Section 3862, Financial Instruments – Disclosures, the Board has categorized its assets and liabilities that are carried at fair value on a recurring basis, based on the priority of the inputs to the valuation techniques used to measure fair value, into a three level fair value hierarchy. Financial assets and liabilities measured at fair value are categorized as follows:

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2: Fair value is based on quoted prices for similar assets or liabilities in active markets, valuation that is based on significant observable inputs or inputs that are derived principally for or corroborated with observable market data through correlation or other means.

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs or the use of broker quotes. These unobservable inputs reflect the Board's assumptions about the assumptions market participants would use in pricing the assets or liabilities.

Workers Compensation Board of Prince Edward Island

Notes to the financial statements

December 31, 2010

5. Financial risk management (cont'd)

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|------------------------------------|-----------------------|-------------------|---------------------|-----------------------|
| Cash and cash equivalents | \$ 2,171,516 | - | - | \$ 2,171,516 |
| Investments | | | | |
| Forward foreign exchange contracts | - | \$ 754,635 | - | 754,635 |
| Real estate | 2,938,848 | - | \$ 6,761,963 | 9,700,811 |
| Fixed term | 44,055,326 | - | - | 44,055,326 |
| Equities | <u>95,711,196</u> | - | - | <u>95,711,196</u> |
| | <u>\$ 144,876,886</u> | <u>\$ 754,635</u> | <u>\$ 6,761,963</u> | <u>\$ 152,393,484</u> |

The following table presents additional information about assets measured at fair value for which the Board utilized level 3 inputs to determine fair value.

| | <u>2010</u> | <u>2009</u> |
|---|---------------------|-------------|
| Balance beginning of year | \$ - | \$ - |
| Purchase of level 3 investments | 6,609,077 | - |
| Sale of level 3 investments | (18,825) | - |
| Realized gain recognized in investment income | 223 | - |
| Unrealized gain recognized in investment income | <u>171,488</u> | - |
| Balance end of year | <u>\$ 6,761,963</u> | <u>\$ -</u> |

6. Capital assets

| | | <u>2010</u> | <u>2009</u> | |
|---------------------------------|---------------------|---------------------------------|-----------------------|-----------------------|
| | <u>Cost</u> | <u>Accumulated depreciation</u> | <u>Net book value</u> | <u>Net book value</u> |
| Land | \$ 368,460 | \$ - | \$ 368,460 | \$ 368,460 |
| Building | 1,678,791 | 472,979 | 1,205,812 | 1,240,302 |
| Furniture and fixtures | 1,836,765 | 1,537,709 | 299,056 | 335,775 |
| Computer programs and equipment | <u>773,417</u> | <u>461,501</u> | <u>311,916</u> | <u>342,748</u> |
| | <u>\$ 4,657,433</u> | <u>\$ 2,472,189</u> | <u>\$ 2,185,244</u> | <u>\$ 2,287,285</u> |

7. Intangible assets

| | | <u>2010</u> | <u>2009</u> | |
|-------------------|---------------------|---------------------------------|-----------------------|-----------------------|
| | <u>Cost</u> | <u>Accumulated depreciation</u> | <u>Net book value</u> | <u>Net book value</u> |
| Computer software | <u>\$ 6,088,334</u> | <u>\$ 4,172,374</u> | <u>\$ 1,915,960</u> | <u>\$ 1,984,089</u> |

8. Bank indebtedness

The Board has a \$500,000 unsecured operating line of credit of which nil was used at December 31, 2010.

Workers Compensation Board of Prince Edward Island

Notes to the financial statements

December 31, 2010

9. Legislative obligations and other related party transactions

Included in these financial statements are transactions with various Prince Edward Island crown corporations, departments, agencies, and boards related to the Board by virtue of common influence by the Government of Prince Edward Island. Routine operating transactions in the ordinary course of business with related parties are settled at prevailing market prices under normal trade terms.

The Board is required by the *Workers Compensation Act* (the Act) to provide an annual grant to the Workers' Advisor Program. The Workers' Advisor Program operates autonomously from the Board and assists workers or dependants of workers in respect of claims for compensation. During the year, the Board paid \$141,083 (2009 - \$148,349) of the Program's expenses.

The Board is required by the Act to provide an annual grant to the Employers' Advisor Program. The Employers' Advisor Program operates autonomously from the Board and assists employers in respect of classifications, assessments and claims for compensation. During the year, the Board paid \$133,862 (2009 - \$130,690) of the Program's expenses.

The Board is required by the Act to pay the operating costs of the Appeals Tribunal. During the year, the Board paid \$171,726 (2009 - \$151,033) to cover the operating costs of the Tribunal.

10. Employee future benefits

Pension plan

The Board and its employees participate in a multi-employer contributory defined benefit pension plan, administered by the Province of Prince Edward Island under the Civil Service Superannuation Act. The Civil Service Superannuation Fund provides pensions to employees of the Provincial Government and certain Crown Corporation and agencies based on the length of service and average of best three year's salary. Since sufficient information is not readily available to account for the Board's participation in the plan using defined benefit pension plan accounting, these financial statements have been prepared using accounting rules for defined contribution pension plans. The current year expense for this pension plan is \$290,614 (2009 - \$282,605).

Retirement pay benefits

The Board provides a retirement pay benefit equal to one weeks pay for each year of service, subject to a maximum benefit equal to 26 weeks pay. The retirement pay benefit is payable upon retirement. Unionized employees qualify at retirement if they have accrued 10 years of service and attained age 55. Non-unionized employees qualify at retirement if they have accrued 5 years of service and attained age 55, accrued 30 years of service, or accrued 5 years of service and die or become disabled.

The significant actuarial assumptions adopted in measuring the Board's accrued retirement pay benefits obligations are a discount rate of 4.5% (2009 - 5.75%) and a rate of compensation increase of 3% (2009 - 3%). The retirement pay benefits liability has been estimated to equal \$901,600 (2009 - \$802,800) based on the last actuarial estimate update as of December 31, 2010.

Other information about the Board's retirement pay benefits is as follows:

| | <u>2010</u> | <u>2009</u> |
|---------------------------------|-------------------|-------------------|
| Opening retirement pay benefits | \$ 802,800 | \$ 696,700 |
| Changes during the year | <u>98,800</u> | <u>106,100</u> |
| Ending retirement pay benefits | <u>\$ 901,600</u> | <u>\$ 802,800</u> |

Workers Compensation Board of Prince Edward Island

Notes to the financial statements

December 31, 2010

11. Benefits liabilities

Benefits liabilities as at December 31, 2010 have been independently valued by the Board's external actuary. Benefits liabilities include a provision for all benefits provided by current legislation, Board policies, and administrative practices. These liabilities also include a provision for future expenses of administering those benefits. Benefits liabilities do not include a provision for benefits costs of self-insured employers.

Since the benefits liabilities of the Board are of a long term nature, the actuarial assumptions and methods used to calculate the reported benefits liabilities are based on considerations of future expenditures over the long term. As the determination of these liabilities requires assumptions about economic and other events that may occur many years in the future, but which are based on best information as at the valuation date, a significant degree of professional judgement must be exercised in developing these assumptions. Accordingly, changes in future conditions within one year of the financial statement date could require a material change in the recognized amounts.

An analysis of the components of and changes in benefits liabilities is as follows:

| | | | | | | <u>2010</u> | <u>2009</u> |
|--|--------------------------------|--------------------------------------|--------------------------------|-----------------------------|-------------------------------|---|------------------------------|
| | Temporary wage loss | Pension and extended wage loss | Health care | Rehabilitation | Administration | <u>Total</u> | <u>Total</u> |
| Balance, beginning of year | \$6,578,000 | \$ 83,449,000 | \$ 26,710,000 | \$ 2,641,000 | \$ 7,760,000 | \$ 127,138,000 | \$ 122,089,000 |
| Assumed from Province (Note 15) | <u>592,000</u> 7,170,000 | <u>8,850,000</u> 92,299,000 | <u>2,246,000</u> 28,956,000 | <u>26,000</u> 2,667,000 | <u>761,000</u> 8,521,000 | <u>12,475,000</u> 139,613,000 | - 122,089,000 |
| Expected increase | 490,000 | 6,403,000 | 2,009,000 | 181,000 | 591,000 | 9,674,000 | 8,460,000 |
| Changes in actuarial assumptions and methodology | - | 507,000 | 372,000 | - | 57,000 | 936,000 | (1,564,000) |
| Experience (gains) losses | <u>(512,000)</u> 7,148,000 | <u>(3,546,000)</u> 95,663,000 | <u>(81,000)</u> 31,256,000 | <u>567,000</u> 3,415,000 | <u>(232,000)</u> 8,937,000 | <u>(3,804,000)</u> 146,419,000 | 593,000 129,578,000 |
| Costs incurred | <u>4,476,000</u> 11,624,000 | <u>6,247,000</u> 101,910,000 | <u>4,690,000</u> 35,946,000 | <u>637,000</u> 4,052,000 | <u>1,043,000</u> 9,980,000 | <u>17,093,000</u> 163,512,000 | 15,512,000 145,090,000 |
| Less: Payments made | <u>(4,810,000)</u> | <u>(7,912,000)</u> | <u>(5,199,000)</u> | <u>(812,000)</u> | <u>(1,218,000)</u> | <u>(19,951,000)</u> | (17,952,000) |
| Balance, end of year | <u>\$ 6,814,000</u> | <u>\$ 93,998,000</u> | <u>\$ 30,747,000</u> | <u>\$ 3,240,000</u> | <u>\$ 8,762,000</u> | <u>\$ 143,561,000</u> | <u>\$ 127,138,000</u> |

Key actuarial assumptions

The table below presents key assumptions used to determine the benefits liabilities.

| | <u>2010</u> | <u>2009</u> |
|-----------------------|-------------|-------------|
| Gross rate of return | 7.0% | 7.0% |
| Real rate of return | 3.5% | 3.5% |
| Increase in inflation | 3.5% | 3.5% |

For the valuation as at December 31, 2010, the mortality table used was changed from the 1983 Group Annuitant's Mortality table to the UP 1994 Annuitant Mortality table. All other assumptions are the same as those used in the December 31, 2009 valuation.

Workers Compensation Board of Prince Edward Island

Notes to the financial statements

December 31, 2010

11. Benefits liabilities (cont'd)

The two most significant assumptions used in calculating the benefits liabilities are the real rate of return and the increase in inflation. The liability estimates are highly sensitive to small changes in these assumptions. The following table presents the sensitivity of the liabilities to an immediate 0.50% increase and decrease in the assumed rates:

| %age change in assumed rates | 2010 | | 2009 | |
|------------------------------|----------------------|---------------------|----------------------|---------------------|
| | +0.50% | -0.50% | +0.50% | -0.50% |
| Real rate of return | <u>\$(4,914,000)</u> | <u>\$ 5,254,000</u> | <u>\$(4,379,000)</u> | <u>\$ 4,681,000</u> |
| Increase in inflation | <u>\$ 740,000</u> | <u>\$ (720,000)</u> | <u>\$ 665,000</u> | <u>\$ (646,000)</u> |

Benefits liabilities of self-insured employers are not included in the benefits liability. These liabilities will be borne by those employers when paid in future years. They do not add to the Board's liabilities or its net fund balance.

12. Self-insured employers

These financial statements include the effects of significant transactions carried out for self-insured employers, principally the Government of Canada who directly bear the costs of their own incurred claims and an appropriate share of administration expenditures. Administrative fees and interest charges are included within the schedule of administrative expenses (Page 20). The 2009 numbers include transactions associated with the Province of Prince Edward Island (the Province). During 2010, the Board signed an agreement with the Province in which the Board assumed the Province's self-insured liability and the Province became an assessed employer (see Note 15). Total assessment revenues and offsetting expenses included in the statements of operations and operating surplus for self-insured employers are as follows:

| | 2010 | 2009 |
|--|---------------------|---------------------|
| Current assessment revenue | \$ 783,276 | \$ 2,147,976 |
| Administration fees and interest charges recoverable | <u>253,981</u> | <u>791,643</u> |
| | <u>\$ 1,037,257</u> | <u>\$ 2,939,619</u> |
| Claims costs incurred | | |
| Short term disability | \$ 128,136 | \$ 416,869 |
| Long term disability | 499,034 | 1,267,604 |
| Health care | 156,106 | 460,388 |
| Rehabilitation | - | 3,115 |
| | <u>783,276</u> | <u>2,147,976</u> |
| Administration fees and interest charges | <u>253,981</u> | <u>791,643</u> |
| | <u>\$ 1,037,257</u> | <u>\$ 2,939,619</u> |

Workers Compensation Board of Prince Edward Island

Notes to the financial statements

December 31, 2010

13. Contingent liabilities

Latent occupational diseases

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

14. Funding strategy and capital management

In 2002, the Board implemented a funding strategy to address retirement of the unfunded liability as at December 31, 2001. In recognition of the significant improvement in the Board's financial position under this strategy (2002 – 2006), the Board replaced this funding strategy with a funding policy (POL01-13) which recognizes current funding levels and is aimed at maintaining a financial position of fully funded.

Fully funded means the total assets of the Board are equal to or greater than the total liabilities.

The funding policy will target a funding status in the range of 100% - 110% and includes specific adjustments to be applied to the assessment rate setting process should the funding status fall outside this range.

Although, per CICA accounting changes, investments have been recorded in the financial statements using the fair value method, investment revenue for funding policy purposes continues to be recorded using the smoothing method. Under the smoothing method, gains or losses realized on disposal of fixed term investments are deferred and amortized on a straight line basis over a nine year period. Realized and unrealized gains and losses on equity investments are deferred and amortized on a straight line basis over a four year period. The use of the smoothing method for funding policy purposes continues to be in effect to reduce the volatility of investment returns on assessment rates as per the goals of the funding policy.

Investment reconciliation to the smoothing method

| | |
|--|-----------------------|
| January 1, 2010 balance | \$ (165,522) |
| 2010 adjustment to record revenue using the smoothing method | <u>9,153,846</u> |
| | <u>\$ 8,988,324</u> |
| Fund balance based on investment smoothing | |
| Fund balance as currently reported | \$ 20,177,948 |
| Adjustment to record revenue using the smoothing method | <u>(8,988,324)</u> |
| Fund balance based on investment smoothing | <u>\$ 11,189,624</u> |
| Asset total based on investment smoothing | |
| Total assets as currently reported | \$ 166,531,279 |
| Adjustment to record revenue using the smoothing method | <u>(8,988,324)</u> |
| Asset total based on investment smoothing | <u>\$ 157,542,955</u> |
| Total liabilities as currently reported | <u>\$ 146,353,331</u> |

Funding status as per funding policy (percentage based on investment smoothing): 107.6%

Workers Compensation Board of Prince Edward Island

Notes to the financial statements

December 31, 2010

15. Agreement with the Province of Prince Edward Island

On August 26th, 2010, the Board signed an agreement with the Province of Prince Edward Island in which the Province ceased operating as a self-insured employer. Under the terms of the agreement, the Board assumed the Province's self-insured liabilities as of January 1, 2009. The Province will now be considered an assessed employer pursuant to the Workers Compensation Act. The Board and Province have estimated that the Province's self-insured liability as of January 1, 2009 was \$14,064,000. During the year, the Province made a deposit to the Board of \$14,064,000 which will be used by the Board to administer the Province's claims until the final valuation of the assumed liabilities. The Board and the Province have agreed to value the assumed liabilities as of December 31, 2013. Any excess or deficiency in the deposit made by the Province will be settled subsequent to that valuation date.

16. Comparative figures

The 2009 comparative figures have been reclassified to conform to the 2010 financial statement presentation.

Workers Compensation Board of Prince Edward Island

Schedule of administration expenditures

| Year ended December 31 | 2010 | 2009 |
|---|----------------------------|----------------------------|
| Building operating costs | \$ 169,522 | \$ 201,167 |
| Communications, printing and office supplies | 212,922 | 224,902 |
| Computer maintenance | 250,224 | 265,163 |
| Depreciation | 580,732 | 578,797 |
| Dues and fees | 53,845 | 63,268 |
| Miscellaneous | 38,688 | 40,290 |
| Postage | 93,219 | 74,386 |
| Professional development | 60,719 | 50,255 |
| Professional fees | 992,335 | 751,240 |
| Salaries | | |
| Board members | 108,495 | 105,800 |
| Staff members | 4,279,043 | 4,254,255 |
| Benefits | 731,435 | 678,813 |
| Retirement benefits (Note 10) | 204,777 | 136,315 |
| Telephone | 81,125 | 86,009 |
| Travel | <u>196,802</u> | <u>192,521</u> |
| | 8,053,883 | 7,703,181 |
| Less allocation to benefits liabilities (Note 11) | <u>(1,218,000)</u> | <u>(1,096,000)</u> |
| | <u>\$ 6,835,883</u> | <u>\$ 6,607,181</u> |

External Reports





Workers Compensation Appeal Tribunal

2010 Report from the Chair

On behalf of the members and staff, I am pleased to provide the annual report on the activities of the Workers Compensation Appeal Tribunal (WCAT) for the year ending December 31, 2010.

In 2009-2010, WCAT conducted an internal review of its current procedures and practices in an effort to enhance services to Islanders who use the appeal process. This resulted in a revised Appeal Process brochure being printed and the implementation of several forms: Notice of Appeal; Authorized Representative Consent Form; and Notice of Intent to Participate. The materials were printed in both English and French and are now available at the WCAT office, on our website (www.gov.pe.ca/go/wcat), and at all Access PEI offices throughout the Province.

About the Tribunal

The Workers Compensation Appeal Tribunal considers appeals from decisions of the Internal Reconsideration Officer (IRO) under the *Workers Compensation Act* and is the final level of decision-making in the workers compensation appeal structure in Prince Edward Island. Its role is to review Workers Compensation Board (WCB) decisions to ensure they are in compliance with the *Act*, regulations and policy. Although WCAT is separate and independent from WCB, ensuring that issues from workers and employers are heard by an impartial panel, it is bound by the *Act*, regulations and policy.

A fully accessible office, staffed by a full-time coordinator, is located in the Sherwood Business Centre at 161 St. Peters Road, Charlottetown.

Membership

Members of the Appeal Tribunal are appointed by, and at the pleasure of, the Lieutenant Governor in Council pursuant to Section 56(7) of the *Act*. The *Act* states membership is to consist of a chairperson, one or more vice-chairpersons, and as many members, equal in number, representative of employers and workers respectively.

During 2010 the Lieutenant Governor in Council rescinded the appointment of two inactive members. Since there had been an imbalance in numbers, in that there was one worker representative more than employer representative, only one replacement was named, ensuring compliance with the *Act* once again. However, in late fall another resignation was received leaving an employer representative vacancy. Sitting members include:

Chairperson

Wendy E. Reid, Q.C.

Vice-Chairperson

Jordan K.M. Brown

Vice-Chairperson

John L. Ramsay, Q.C.

Employer Representatives

| | |
|--------------|------------------|
| Don Cudmore | Harvey MacKinnon |
| Scott Dawson | Jean Tingley |
| Ray Hann | Donald Turner |
| Stu Lavers | (Vacancy) |

Worker Representatives

| | |
|------------------|-------------------------|
| Leo Cheverie | Neil MacFadyen |
| Nancy FitzGerald | Elizabeth (Libba) Mobbs |
| Bruce Gallant | Gary Paynter |
| Gordon Huestis | |

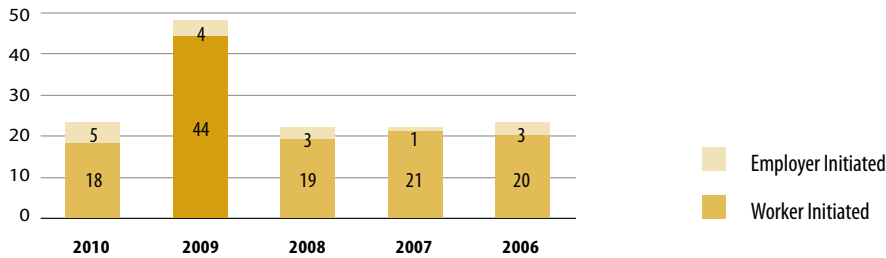
Appeals are heard by a panel of three consisting of a chair and a member representing worker and employer interests. The hearings are conducted in accordance with the rules of natural justice and procedural fairness and all parties with a direct interest (the worker, the employer at the date of the accident, WCB, and any designated representative) are given an equal opportunity to present their case.

Appeals Filed

To start an appeal and meet the time limits in the legislation, an appellant must file a Notice of Appeal within 30 days of the IRO decision. The notice is shared with everyone with a direct interest and each party is invited to participate in the proceedings. It is only when submissions from all parties have been received that a hearing can be scheduled.

The number of appeals filed with WCAT decreased significantly (52%) with only 23 appeals filed in 2010 compared to 48 filed the previous year. As in the past, the majority of appeals were filed by injured workers (78%). Chart 1 depicts the filing trend for the past five years.

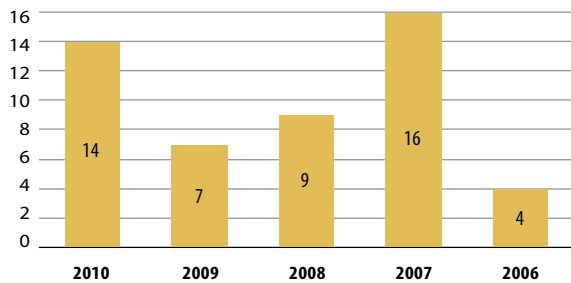
Chart 1: Appeals Filed



Active Inventory

Caseload inventory is affected by numerous factors including the number of cases carried over from the previous year; new appeals filed; appeals withdrawn; and decision released. A case remains active until the final decision is released. The year end caseload inventory stands at 33: 3 ready for hearing; 6 pending decisions; 12 returned to WCB for possible new evidence; and, 12 on hold at the request of the appellant. Chart 2 shows the number of appeals withdrawn over the past number of years.

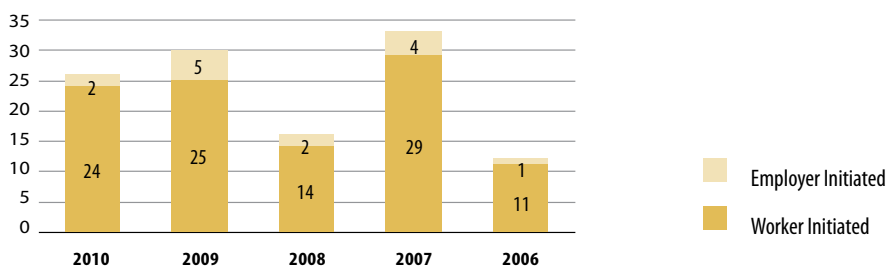
Chart 2: Appeals Withdrawn



Hearings and Representation

A hearing is scheduled after written arguments and submissions have been made and distributed to the other participating parties. Oral presentation remains the standard mode for appeal hearings before WCAT, although in 2010 there were two instances where the out-of-province appellant requested participation by teleconference. All hearings this year dealt with compensation issues. Chart 3 depicts a yearly comparison of hearings heard.

Chart 3: Hearings Held



All participants appearing before WCAT may choose to be represented by another person (Worker Advisor, Employer Advisor, lawyer, friend, union rep, or other individual). There continues to be a decline in appearances before the Tribunal by self-represented appellants and a move toward authorized representatives. Statistics show for injured workers their representative of choice is the Worker Advisor who appeared at 73% of worker initiated hearings this year. The Employer Advisor represented employer clients in both the employer initiated appeals this year.

Hearing Representation

| Year | Worker Initiated Appeals | | | | | Employer Initiated Appeals | | | | |
|-------------|--------------------------|----------------|--------------|---------------|----------------|----------------------------|------------------|--------------|---------------|----------------|
| | Self | Worker Advisor | Personal Rep | Legal Counsel | Did not Appear | Self | Employer Advisor | Personal Rep | Legal Counsel | Did not Appear |
| 2010 | 6 | 17 | 0 | 1 | 0 | 0 | 2 | 0 | 0 | 0 |
| 2009 | 7 | 13 | 4 | 0 | 1 | 0 | 3 | 2 | 0 | 0 |
| 2008 | 5 | 7 | 1 | 1 | 0 | 1 | 1 | 0 | 0 | 0 |
| 2007 | 14 | 3 | 8 | 3 | 1 | 1 | 3 | 0 | 0 | 0 |
| 2006 | 4 | 3 | 3 | 1 | 0 | 0 | 1 | 0 | 0 | 0 |

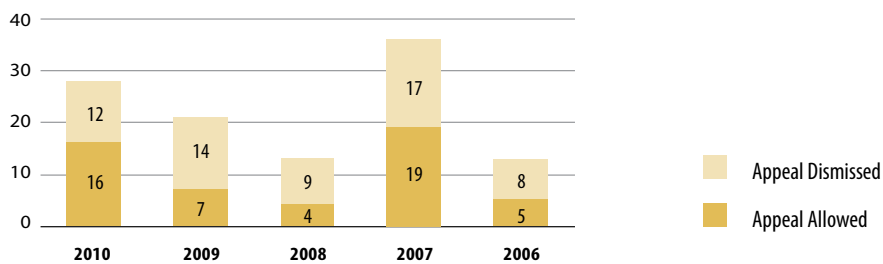
Note: In most worker appeals, the employer is seldom present, despite being invited to do so. Similarly, in employer initiated appeals pertaining to compensation the worker generally chooses not to participate. Workers are not invited to participate in assessment appeals.

Decisions

Numerous factors must be considered when looking at the number of decisions rendered versus the number of hearings held. For example, there are instances where an appellant will table new evidence at a hearing and the matter is referred back to WCB without a written decision being rendered. Another example is those instances of multiple appeals being heard at once, but only one decision rendered. A third could simply be timing in that an appeal is heard one year but the decision not rendered until the following year.

On hearing an appeal, WCAT may confirm (dismissed or denied), vary, or reverse (allowed) the decision appealed from. Chart 4 shows the breakdown of allowed and dismissed appeals. All decisions are posted on our website at www.gov.pe.ca/go/wcat.

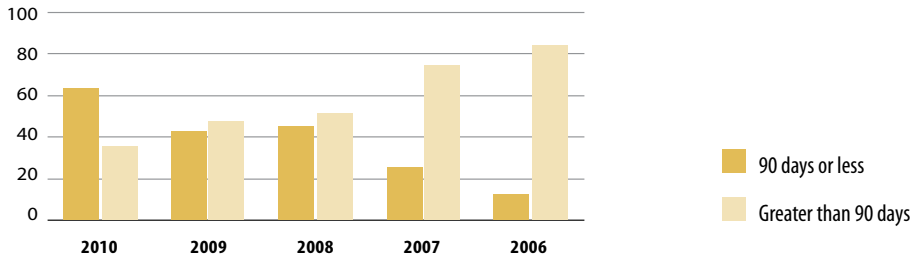
Chart 4: Decisions Rendered



Timeliness of Rendering Decisions

For the past number of years, the Tribunal has been monitoring the length of time it takes to release final decisions. The instances in which decisions were released in 90 days or less continues to improve and this year we reached a high of 64%. Chart 5 illustrates what percentage of total decisions were rendered within the legislated 90 days versus those greater than that time.

Chart 5: Decision Time Percentages



Leave to Appeal

A WCAT decision is binding and the only recourse is for a party directly affected by a final decision of the Appeal Tribunal to make application for Leave to Appeal the decision to the Court of Appeal on a question of law or jurisdiction.

Following the release of WCAT Decision #121 in March 2010, WCB sought leave to appeal citing numerous grounds. An application hearing was held in June following which the Court granted leave only on specific grounds. An appeal hearing is scheduled for the new year.

A Court hearing of the WCB's 2009 leave application from WCAT Decision #70 took place in June. As in the previous case, leave was granted only on specific grounds. An appeal hearing was held and a decision is now pending.

In December 2010, WCAT was advised WCB had filed a Notice of Abandonment with the Court in relation to their leave application from WCAT Decision #102.

There has been no further action on the 2009 leave application filed by the worker in relation to WCAT Decision #115.

Training and Development

The chair, vice chairs and coordinator continue membership in the Canadian Council of Administrative Tribunals (CCAT), a national, non-profit organization consisting of members, lawyers and staff of federal, provincial and territorial tribunals. CCAT acts as a national forum which addresses issues of importance to the administrative justice community and provides its members with a venue to work in partnership with other tribunals.

Once again, the Chair attended CCAT's Annual Conference held in June in Montreal, Quebec.

Moving Forward

As we move forward we will continue to strive to provide timely, fair and just decisions as we try to do our best to serve the people of Prince Edward Island.

Respectfully submitted,

Wendy E. Reid, Q.C.
WCAT Chair



Office of the Employer Advisor

2010 Report

Early in 2010, the Office of the Employer Advisor completed its sixth year of operations. This Annual Report highlights the accomplishments for the year ending December 31, 2010, and is presented in accordance with its legislated mandate.

About the Office of the Employer Advisor

The legislative authority for the Office of the Employer Advisor is contained in Section 85.(1)(b) of the *Workers Compensation Act* and it became operational on February 16, 2004. The mandate is to assist PEI employers and employer associations with the statutory interpretation, application and administration of both the *Workers Compensation Act* and the *Occupational Health and Safety Act*, as well as policies, procedures and practices of the Workers Compensation Board of PEI. The Employer Advisor provides independent advice and assistance in the areas of claims management, classifications and assessments, workplace health and safety and appeals. Services available from the Office of the Employer Advisor include education and training, assistance and representation during the appeal process, research and analysis along with information sharing. Operational funding is provided to the Department of Community Services, Seniors and Labour by the Workers Compensation Board of PEI through employer assessments levied by the board. There are no fees charged for our services and we operate independently of both the provincial government and the board.

New Employer Classification System

The Workers Compensation Board of PEI conducted a very comprehensive review of the Employer Classification System during the year with a view to assigning employers to appropriate risk classes which would lead to a fair rate for the injury risks involved. This review was undertaken by consultants who requested employers and stakeholder groups provide feedback on changing the current system. The Office of the Employer Advisor researched this important aspect of the workers compensation system and provided a detailed written response to the initial report of the consultants. We also participated in the four presentations of the final report which were held at different locations across the province. While not all of our or other stakeholder recommendations were accepted for the final report, a new employer classification system was adopted by the board and was scheduled to come into effect on January 1, 2011.

WCB Related Activity

In addition to providing input on the new Employer Classification System, there were numerous other opportunities for interaction with the Workers Compensation Board of PEI, including participation in their eleventh annual Occupational Health and safety Conference and feedback on proposed changes to the First Aid regulations. Feedback was provided on proposed changes to a number of board policies, in particular those on home modifications and special equipment, return-to-work, Internal Reconsideration and Workers Compensation Appeal Tribunal.

The Office of the Employer Advisor represented a number of Island employers in the preparation and presentation of their appeals to both the Internal Reconsideration Officer (IRO) and the Workers Compensation Appeal Tribunal (WCAT). The Office of the Employer Advisor was involved with three IRO file reviews and three WCAT oral hearings. WCAT rendered two decisions which were pending from 2009.

During the year twenty-three new files were opened and dealt with claims acceptance and costs, return-to-work issues, appeal procedures, apportionment, permanent impairment awards, third party claims, calculation of temporary and extended earnings loss benefits, late filing charges, registration of businesses and the new employer classification system. In addition numerous inquiries were handled from individual employers and employer associations on various aspects of both the *Workers Compensation Act* and the *Occupational Health and Safety Act* as well as board policies, procedures and practices.

Inquiries on a variety of subjects from Workers Compensation Boards in other jurisdictions were responded to and our Associate Member status in the Association of Workers Compensation Boards of Canada (AWCBC) provided access to research and statistics on workers compensation legislation across the country. We participated in teleconference calls with the other five members of the Canadian Association of Employer Advisors / Advocates along with a face-to-face meeting during the AWCBC Congress in Halifax. We were represented at a number of WCB-related public events including the 2009 WCB Annual Report presentation, the National Day of Mourning Ceremony and the North American Occupational Safety and Health flag raising.

Communications

During the year twelve monthly and one special issue of *The Employer Advisor* electronic newsletter were produced and circulated via the internet to employers and their management staff, employer associations and to public sector managers. The Office of the Employer Advisor website at www.gov.pe.ca/go/oea continues to offer archived copies of our newsletter as well as current information and up-to-date forms on WCB and OH&S matters and links to relevant sites of interest.

Continuing the goal of building awareness of our services to Island employers and employer associations was a major focus again this year. We attended meetings and special events sponsored by the Employers Council Inc.; the Chambers of Commerce in Charlottetown, Crapaud, Kensington, Montague and Summerside; the Tourism Industry Association of PEI; the Construction Association of PEI; the PEI Roadbuilders and Heavy Construction Association, the Atlantic Provinces Economic Council; the PEI Chapter of the Human Resources Association; the Innovation and Technology Association of PEI; the PEI Chapter of the Financial Management Institute; the PEI Chapter of the Institute of Public Administrators of Canada; the Atlantic Society of the Vocational Rehabilitation Association of Canada and the Holland College Small Business Manager Program.

As Treasurer and a member of the Executive Committee of the PEI Chapter of the Canadian Society of Safety Engineering, the Employer Advisor served on their Membership and North American Occupational Safety and Health (NAOSH) Week Committees. The PEI Chapter hosted the Canadian Launch of NAOSH Week in Charlottetown where the Minister of Labour Canada, the Minister of Community Services, Seniors and Labour, the Chair of the Workers Compensation Board of PEI and the Deputy mayor of Charlottetown gave remarks followed by presentations on workplace safety. As co-sponsor of the PEI Safety Champion of the Year Award, the Office of the Employer Advisor presented the award at the conclusion of this prestigious event.

Statistics

The following tables capture the other relevant activities during the year:

A. New Files Opened

| Claims Related | Assessment Related | Appeals Related | Other |
|----------------|--------------------|-----------------|-------|
| 9 | 7 | 5 | 2 |

B. Appeals to the Internal Reconsideration Officer

| Appeals Heard | Appeals Upheld | Appeals Denied | 2009 Appeal Denied |
|---------------|----------------|----------------|--------------------|
| 3 | 2 | 1 | 1 |

C. Appeals to the Workers Compensation Appeal Tribunal

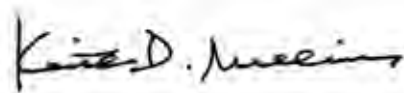
| Appeals Heard | Appeal Upheld | Appeal Denied | Decision Pending | 2009 Appeals Denied |
|---------------|---------------|---------------|------------------|---------------------|
| 3 | 1 | 1 | 1 | 2 |

In Closing

The past year of operation saw some significant changes occur with the first being the creation of the new Department of Community Services, Seniors and Labour which on April 1, 2010 became the department to which the Office of the Employer Advisor will report. The second was the announcement of my retirement as Employer Advisor effective December 31, 2010. A successful search for a replacement was conducted and the new incumbent is scheduled to assume her duties in January 2011.

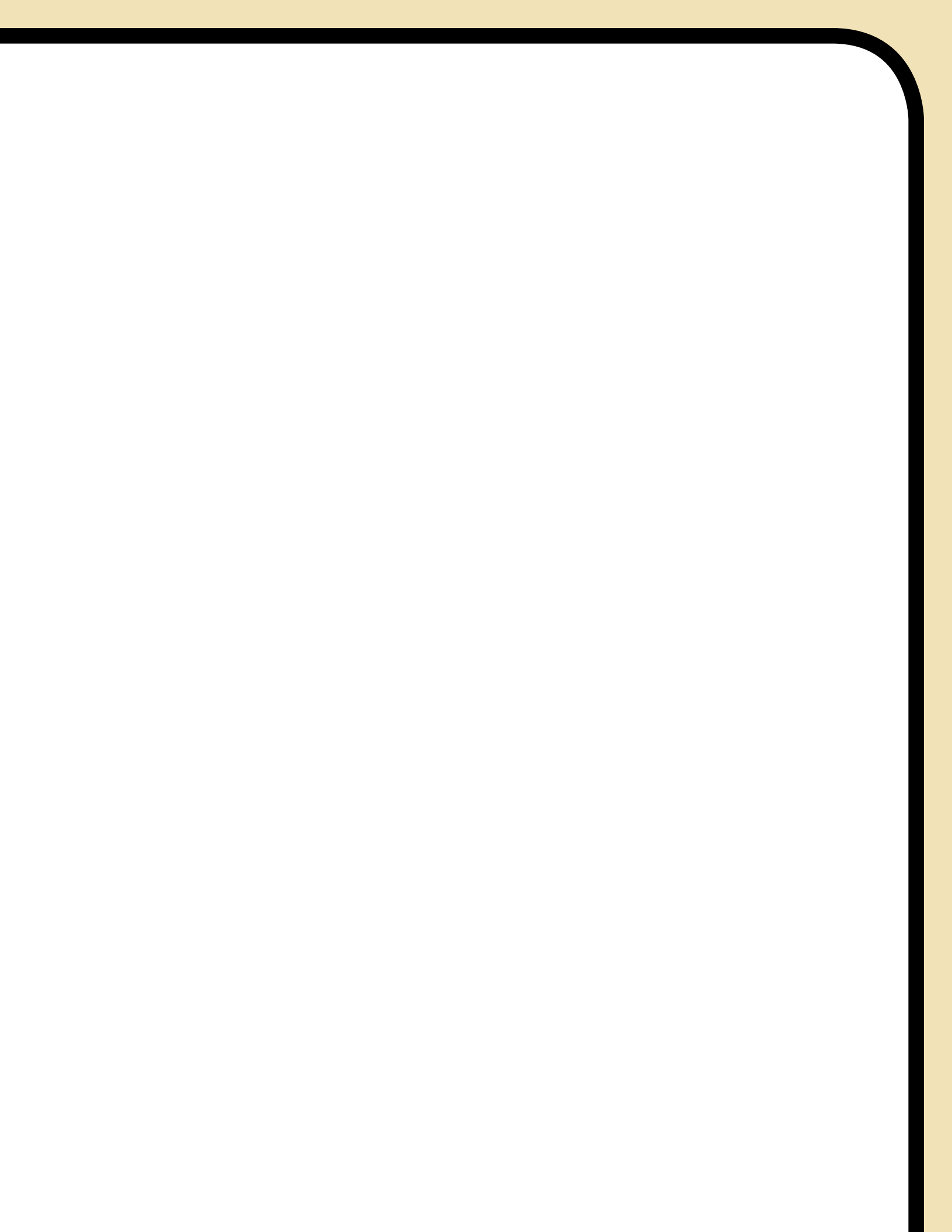
At this time I would like to thank the Board of Directors and Staff at the Workers Compensation Board for their assistance and cooperation during my term in office. I would also like to thank my previous and current departmental Directors and their staff for the guidance they have provided over the past seven years. I would also like to thank our Program Assistant for her assistance and support over the past two years and trust the new Employer Advisor will benefit from the solid foundation which has been established by these people, as well as the many employers and employer associations with whom I had the privilege to work.

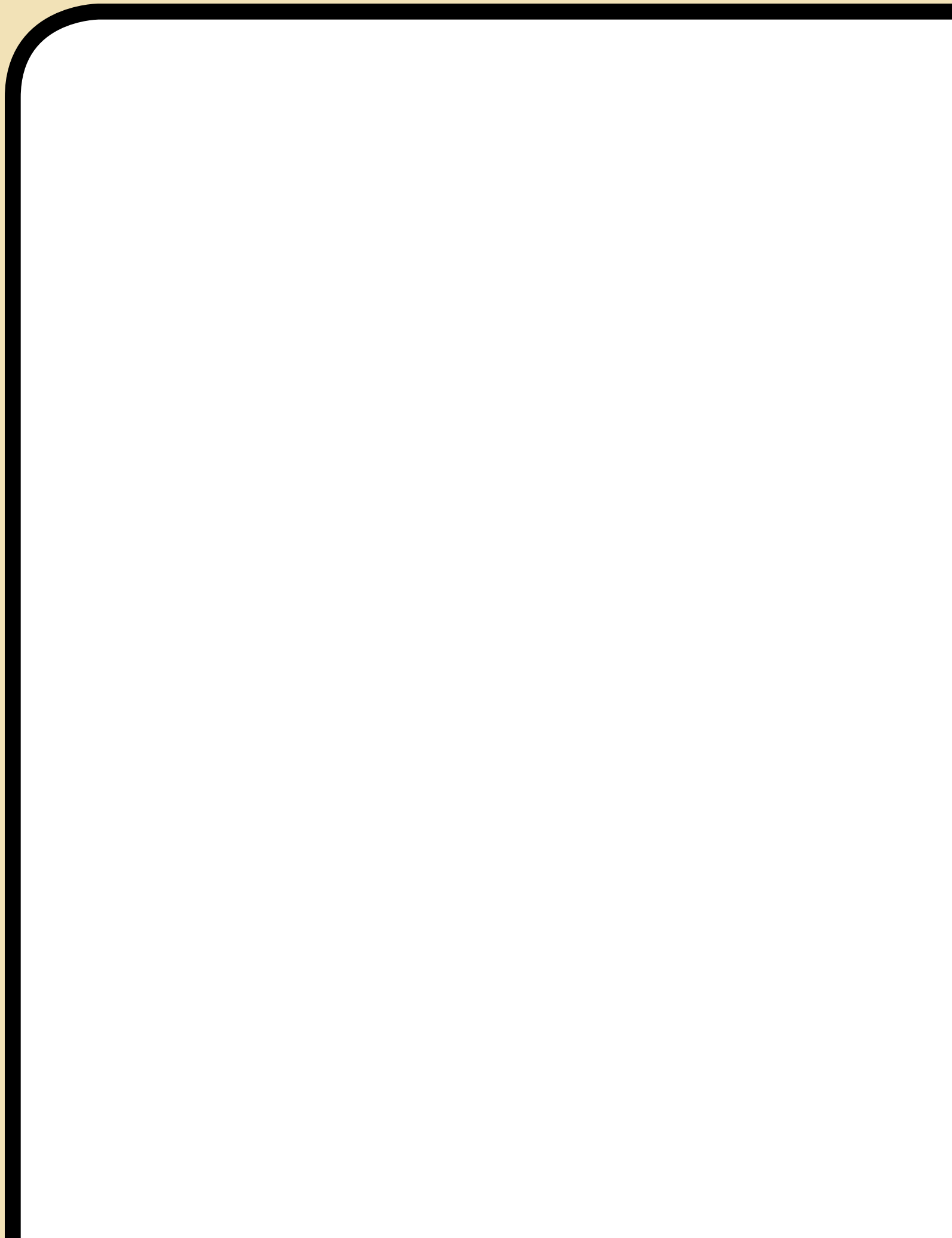
Respectfully submitted,



Keith D. Mullins, B.Comm., CVP, RRP
Employer Advisor

NOTES





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BEFORE IT'S AN INJURY**



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2010 Annual Report

Workers Compensation Board of Prince Edward Island



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