

Update on Prior Years' Report Items

Department of Human Resources, Labour and Employment

3.2.17 Workplace Health, Safety and Compensation Commission (2002 Annual Report, Part 2.21)

Introduction

In our 2002 report item, we provided information on the history of the Workplace Health, Safety and Compensation Commission's unfunded liability from 1993 to 2001.

Conclusions from our 2002 review

As a result of our review we concluded that the unfunded liability had to be closely monitored, on a priority basis, by the Commission and Government to ensure the continued viability of the workers' compensation system.

2004 Update

In our 2004 annual report, we included an update on the Commission's progress on the comments contained in our 2002 report item. At that time, the Commission indicated that as of December 2003, the Commission had reduced the unfunded liability to \$178.6 million and had achieved a 74.1% funded ratio, compared to its interim target of 70% for the same period.

Update

In October 2005, we contacted the Workplace Health, Safety and Compensation Commission requesting an update as to the progress on the comments included in our 2002 report. The information provided by the Commission in response to our request is outlined below.

The Commission indicated that in its five-year strategic plan for the years 2002 to 2006, one of its key financial objectives was to achieve a funded ratio of 72% at the end of 2004 and 80% at the end of 2006, and to eliminate the unfunded liability (\$202.3 million in 2001) by 2020.

In its annual report for 2004 the Commission noted that the unfunded liability had been reduced to \$114.8 million and the funded ratio improved to 91.4%. The funding policy was also updated to reflect the improved financial position of the Commission with a new target of 2015 to be fully funded.

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In 2004, the Commission adopted a new basis of accounting for investment gains and losses and the carrying value of investments. The funded ratio at 31 December 2004 under the old basis of accounting would have been 82.9%. The change in accounting policy does not affect the revised funding target of 2015.

The Commission indicated that it would be premature at this time to predict where its financial position will be at the end of 2006. The financial position of the Commission will very likely be impacted, in the short-term, by recommendations of the soon to be announced Statutory Review Committee. In addition, the adoption of market value accounting for investments means that the Commission's results will be more volatile as they are subject to the full impact of actual market returns over time. As the Commission indicated in its previous update, the Commission's ability to achieve its funding target is dependent on the continued support and participation of all stakeholders in improving the workers' compensation system in the Province.

The Commission also indicated that it will be developing a new strategic plan in 2006 that will identify new financial and operational targets. The new plan will incorporate the financial obligations arising from the Statutory Review Committee recommendations accepted by Government.

3.2.18 Newfoundland and Labrador Housing Corporation Non-Profit Rental Social Housing Units (2003 Annual Report, Part 2.32)

Introduction

In 2003, we performed a review of the Non-Profit Rental Social Housing Program of the Newfoundland and Labrador Housing Corporation. The objectives of the review were to assess whether the Corporation:

- monitored the condition of the non-profit rental social housing portfolio;
 - determined and carried out an appropriate maintenance program;
 - had addressed the long-term capital needs for the non-profit rental social housing portfolio, including required expenditures, planned expenditures, funding sources for the planned expenditures and capital work priorities; and
 - had addressed the current demand for housing.
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