

2019

ANNUAL REPORT



wcb

Saskatchewan
Workers'
Compensation
Board



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The Meredith Principles

The Meredith Principles can be expressed in different ways. However, there are five basic concepts that underlie most workers' compensation legislation in Canada today. These principles are a historic compromise in which employers fund the workers' compensation system and injured workers in turn surrender their right to sue their employer for the injury.

These principles are the foundation upon which the Canadian workers' compensation legislation is built.

1. No-fault compensation: Workers are paid benefits regardless of how the injury occurred. The worker and employer waive the right to sue. There is no argument over responsibility or liability for an injury.
2. Security of benefits: A fund is established to guarantee funds exist to pay benefits.

3. **Collective liability:** Covered employers, on the whole, share liability for workplace injury insurance. The total cost of the compensation system is shared by all employers. All employers contribute to a common fund. Financial liability becomes their collective responsibility.
4. **Independent administration:** The organizations that administer workers' compensation insurance are separate from government.
5. **Exclusive jurisdiction:** Only workers' compensation organizations provide workers' compensation insurance. All compensation claims are directed solely to the compensation board. The board is the decision-maker and final authority for all claims.



OUR VISION

We eliminate injuries and restore abilities.

OUR MISSION

We will be a customer-centric organization that continuously seeks to add value for our customers through a culture of continuous process improvement.

Letters of Transmittal

The Honourable Russell Mirasty

Lieutenant-Governor, Province of Saskatchewan

May it please Your Honour:

I respectfully submit the annual report of the Workers' Compensation Board for the calendar year 2019.



A handwritten signature in black ink that reads "Don Morgan".

**The Honourable
Don Morgan, Q.C.**
Minister Responsible
for the Workers'
Compensation Board

The Lieutenant-Governor in Council:

We are pleased to submit the 90th annual report of the Workers' Compensation Board for the year ending Dec. 31, 2019.

Respectfully submitted,

A handwritten signature in black ink that reads "Gord Dobrowolsky".

Gord Dobrowolsky
Chairperson

A handwritten signature in black ink that reads "L. Flowers".

Larry Flowers
Board Member

A handwritten signature in black ink that reads "Garry Hamblin".

Garry Hamblin
Board Member

Year at a Glance

	2019	2018	2017	2016	2015
Number of workers covered ¹	433,622	410,600	423,527	420,279	405,784
Time Loss injury rate (per 100 workers) ²	1.86	1.99	1.86	1.86	2.07
Total injury rate (per 100 workers) ³	4.95	5.44	5.25	5.55	6.30
Number of claims reported	28,865	29,140	28,952	29,953	32,577
Number of No Time Loss claims accepted ³	13,415	14,192	14,342	15,521	17,137
Number of Time Loss claims accepted ³	8,036	8,151	7,888	7,813	8,417
Fatal claims accepted					
Reported in current year	22	28	17	16	17
Reported in prior year	14	19	10	15	15
Self-insured	0	1	0	0	0
Total	36	48	27	31	32
Average duration in days ⁴	41.52	41.89	40.16	43.07	38.92
Active employer accounts ⁵	49,297	49,598	48,630	47,907	47,956
Average premium rate (\$ per \$100 of assessable earnings)	1.17	1.19	1.24	1.34	1.46
Maximum assessable wage (\$)	88,314	82,627	76,086	69,242	65,130
Number of appeals registered					
Appeals department	1,144	1,165	1,143	1,217	1,139
Board Appeal Tribunal	234	287	301	308	273
Claims costs (\$ millions)	281.0	278.2	230.2	286.8	194.2
Premium revenue (\$ millions)	267.2	256.5	255.2	281.8	305.7
Investment income (loss) (\$ millions)	277.1	(41.6)	175.8	127.1	106.3
Benefits liabilities (\$ millions)	1,328.1	1,280.9	1,228.4	1,210.2	1,138.9
Funded position (\$ millions)					
Injury Fund	567.3	399.8	555.0	446.2	694.7
Reserves	39.8	38.4	36.9	36.3	34.2
AOCI ⁶	(1.7)	(2.4)	(1.7)	(2.6)	(2.7)
Funding percentage ⁷	115.1	115.2	117.8	118.7	144.7

1 Full-time equivalent (FTE) workers based on Statistics Canada average wage and WCB payroll information as of Dec. 31. Does not include workers for self-insured employers.

2 Time Loss injury rate definition includes Time Loss + fatalities in 2019.

3 Based on new claims reported to, and accepted by, the WCB in the year. Does not include claims for self-insured employers. Beginning in 2019, current year fatalities are included in injury rates.

4 Average days on compensation based on all Time Loss claims paid within a 12-month period.

5 Active employers excludes employers whose assessment accounts were closed during the year.

6 Accumulated Other Comprehensive Income (AOCI) includes actuarial gains (losses) on the defined benefit pension plan.

7 The calculation of funding percentage excludes the unrealized gains and losses on investments in the Injury Fund.

Comparison with Other Canadian WCBs

The Saskatchewan Workers' Compensation Board (WCB) is a member of the Association of Workers' Compensation Boards of Canada (AWCBC), a national non-profit organization represented by the workers' compensation board or commission from each of Canada's provinces and territories.

Through the AWCBC, the chief financial officers of the Canadian boards and commissions develop

financial and statistical indicators to describe the workers' compensation insurance system in Canada overall and to provide comparisons across jurisdictions.

The following comparisons are based on 2018 data (the most recent data available). You can view the complete report on the AWCBC's website at www.awcbc.org.

	AB	BC	MB	NB	NL	NS	NT/NU	ON	PE	QC	SK	YT
Administration cost per Time Loss claim ¹	N/A	5,727	6,225	8,591	10,340	8,374	29,156	14,077	5,588	4,483	6,697	21,140
Administration cost per \$100 assessable payroll	N/A	0.29	0.36	0.33	0.41	0.41	0.86	0.33	0.29	0.23	0.26	0.69
Average calendar days from injury to first payment issued	23.50	29.90	22.80	52.90	29.99	30.00	27.30	N/A	37.00	N/A	36.09	35.80
Average calendar days from registration of claim to first payment issued	21.80	23.00	17.60	40.70	23.61	22.00	22.50	N/A	20.00	N/A	27.93	31.71
Injury rate per 100 workers of assessable employers ²	1.47	2.20	2.57	1.56	1.60	1.81	2.21	N/A	1.52	1.99	2.11	1.77
Average composite duration of claim (in days)	N/A	75.90	33.54	112.34	135.07	126.91	63.60	N/A	67.86	N/A	59.25	28.67

1 The WCB and AWCBC use different criteria when counting Time Loss claims for this key statistical measure. The AWCBC counts claims with the same injury and registration year, as of March 31 of the following year. The WCB counts Time Loss claims registered and accepted in the year, regardless of the injury date. The AWCBC includes claims that receive a permanent functional impairment award with or without any time lost, while the WCB only includes claims with time lost.

2 AWCBC statistics are based on accepted national definitions and may not be the same as statistics published in WCB annual reports. The definition of this measure is the number of new lost-time claims per 100 covered workers.



Message from the Board

The Saskatchewan Workers' Compensation Board (WCB) is privileged to serve our customers, the 433,622 workers and the 49,297 employers of Saskatchewan covered by the WCB system. Our customers motivate us in our pursuit of excellence as we continually seek to improve the compensation system we govern.

The WCB remains in a firm financial position thanks to the attention to, and the planning and management of, the financial resources that have been entrusted to us. Maintaining premium rate stability is a constant balance of the system that should not compromise the service that injured workers deserve. The WCB's average premium rate in 2019 was \$1.17, a decrease from 2018's average premium rate of \$1.19. This keeps Saskatchewan's rate as the third lowest in the country. Also as part of our financial stewardship, the board undertook an asset mix optimization study in 2019 to look for ways to reduce volatility and preserve returns. The board approved the study's recommendations and has begun implementation in 2020.

In 2019, we saw areas of growth and improvement, along with transition and change, at the WCB. Following Peter Federko's retirement in May after 25 years of service, Phil Germain was appointed CEO. In his brief time at the helm, he has proven his knowledge of the system, his passion as a safety leader and his attention to strategy and cultural improvement, which are the hallmarks of our organization's future viability.

Nothing is more significant to report than the decrease in Saskatchewan's workplace injury rates in 2019. The Total injury rate was 4.95 per 100 workers, compared to 5.44 per 100 workers in 2018. There were 36 fatality claims accepted by the WCB in 2019 and, through the WorkSafe partnership, we unveiled a new Fatalities and Serious Injuries strategy to drive change. The number of work-related injuries and fatalities is an ever-present reminder of the impact of these tragedies on Saskatchewan families and the relevance of Mission: Zero to eliminate suffering

in our province. We advocate that, going forward, the adage “on time and on budget” include “no injuries” before any work project is regarded a success.

In 2019, the board responded to customers’ needs in a number of ways, including establishing the Employer Resource Centre, which serves as a support in navigating the system. For many decades, the WCB has hosted annual public meetings in Regina and Saskatoon. In 2019, we held the annual rate setting review process in Prince Albert to encourage customers in more rural parts of the province to participate in person and speak directly with staff and leadership.

As board members, we continued to administer the policy review process, which forms the basis of decisions made under *The Workers’ Compensation Act, 2013* (the Act). The board also manages the Board Appeal Tribunal, a customer appeal and adjudication function, in accordance with the Act. In 2019, the tribunal reviewed and wrote decisions on 231 appeals and conducted 85 oral hearings. Since 2015, appeal wait times have decreased by 56 per cent.

As an oversight body, the board closely monitors enterprise risk factors through our enterprise risk

management system. In 2019, we focused our attention on the increasing level of cybersecurity threats that so many organizations face today.

Finally, we must extend our appreciation to our customers for their trust in us to deliver. We also extend a heartfelt appreciation to the WCB leadership and dedicated staff, whose passion and care for our customers is clearly reflected in the work they do every day. Thanks to their efforts, today we are one year closer to achieving our vision to eliminate injuries and restore abilities.



Gord Dobrowolsky
Chairperson



Garry Hamblin
Board Member
Worker Representative



Larry Flowers
Board Member
Employer Representative

The WCB Structure, Mandate & Role

The Workers' Compensation Act, 2013 (the Act), which came into effect on Jan. 1, 2014, establishes the WCB as an independent board that operates like an insurance company, but follows the Meredith Principles. This legislative framework provides guaranteed benefits and programs to injured workers in industries covered by the Act while protecting covered employers from lawsuits related to workplace injuries. The costs of the WCB are funded entirely by premiums paid by employers in covered industries. Those employers are required to register with the WCB and pay invoiced premiums based on employer payrolls, subject to adjustments that reflect injury frequency and costs.

In 2019, there were 49,297 firms with 433,622 workers registered with the WCB. In that year, the WCB accepted 21,473 injury claims which included 8,036 Time Loss injuries. Time Loss injuries are those that kept the worker away from work beyond the day of the injury. In 2019, \$281 million in claim costs was incurred on worker benefits and programs.

Board Structure

The board currently consists of three members: a chairperson and two board members, all of whom are appointed by the provincial government. One board member is appointed to bring the viewpoint of workers to the board and one is appointed to bring the viewpoint of employers. Those members are selected from lists submitted by labour and employer organizations, respectively.

The WCB's chairperson, **Gord Dobrowolsky**, was appointed in 2013. From Prince Albert, Gord obtained his bachelor of education from the University of Saskatchewan and taught for five years before going into business. He operated Delta Management Ltd., a public relations and marketing company, for six years and spent 14 years in the cellphone industry, during which he earned SaskTel's Top Dealer award nine times. Gord has extensive board experience, having served as the vice-chair of the Saskatchewan Liquor and Gaming Licensing Commission, been a member of the Saskatchewan Executive Council for six years and the chairperson of the Prince Albert Parkland Health Region for four years, beginning in 2009. In addition

to pursuing ongoing director and adjudication training, Gord has completed his certificate in adjudication for administrative agencies, boards and tribunals from the Osgoode Hall Law School of York University and has received his professional director designation from the Johnson Shoyama Graduate School of Public Policy. Gord was a volunteer board member of the Victoria Hospital Foundation in Prince Albert for six years. He is currently a member of the Prince Albert and District Chamber of Commerce, the Prince Albert Elks Club and the Prince Albert and Saskatchewan Wildlife Federation. He is a supporter of Special Olympics. In 2014, *SaskBusiness* named him one of Saskatchewan's Men of Influence and in 2015 he was named to the Wall of Honour by the College of Education at the University of Saskatchewan.

Garry Hamblin was appointed the WCB worker representative in 2015. Garry has a Canadian Insurance Professional designation and worked for 27 years at Saskatchewan Government Insurance (SGI). Over the course of his career, Garry participated in hundreds of mediations and appeals within SGI's no-fault system. He has brought to the board his strong knowledge of the insurance industry and his experience in helping people to access benefit entitlements and understand legislation and policy surrounding their unique situations. He is a past president of the Canadian Office and Professional Employees Union, Local 397 and is a board member of Conflict Resolution Saskatchewan Inc. Garry received his certificate in adjudication for administrative agencies, boards and tribunals from the Osgoode Hall Law School of York University in 2016 and in 2017 he completed the ICD – Rotman Directors Education Program. He continues to pursue ongoing governance and adjudication training.

Larry Flowers was appointed the WCB employer representative in 2015. Larry brings strong and varied business experience to the board, which includes work in the agriculture, manufacturing, mining, finance and non-profit sectors. Since 1989, Larry has worked as both an internal and external business strategist, implementing strategic human resources, training, safety and business solutions. Larry has a bachelor of education degree and a business administration certificate from the University of Saskatchewan. He

holds a certificate in adjudication for administrative agencies, boards and tribunals from the Osgoode Hall Law School of York University, and also completed the ICD – Rotman Directors Education Program. He is currently pursuing his masters of adult education through St. Francis Xavier University, while also pursuing ongoing training relevant to his governance and appeal responsibilities on the board. Larry has a Chartered Professional in Human Resources (CPHR) designation and is a member of CPHR Saskatchewan, where he has served on the professional development committee. He has also served as a governance committee board member with the Saskatoon Industry-Education Council and has held a number of other volunteer board positions. Larry has chaired the Saskatchewan Mining Association's human resources committee and was a member of the International Mining Innovation Institute's Education and Training Panel, as well as the Saskatchewan Institute of Applied Sciences and Technology (SIAST) Mining Engineering Technologist Advisory Panel.

Board Mandate and Responsibilities

The board recognizes that a strong governance framework is necessary to ensure that the WCB fulfils its responsibilities to workers and employers in the most effective manner. The board members ensure this by:

1. Providing strategic direction to the WCB's leadership to ensure the delivery of high-quality services to workers and employers and the protection of the public interest.
2. Providing effective oversight of the WCB's financial and operational performance, both directly and through its roles on the audit and investment committees.
3. Performing their appeal function and adjudicative function in accordance with the Act, regulations and other applicable laws.
4. Approving policies through which the objectives can be accomplished.
5. Overseeing enterprise risk management.
6. Effectively engaging with customers and partners.

The chairperson and board members also provide oversight through regular reviews of the WCB's strategic direction and True North objectives and by requiring and receiving regular reports that monitor the WCB's financial and operational performance.

They fulfil their responsibilities as the Board Appeal Tribunal (the tribunal) by conducting a thorough review of all applications that come before it and ensuring that processes are in place to provide decisions that are in accordance with the rules of natural justice.

In 2019, the tribunal received 234 appeals, issued 231 decisions and decided 27 non-appeal applications (for barring of lawsuits, orders for collection of over-payment and Medical Review Panels). The board also conducted 85 oral hearings. This direct involvement in the appeal process gives the members valuable information that helps them assess the effectiveness of the WCB's policies and perform their role in the oversight of the WCB.

Board members are required to maintain skills and knowledge appropriate to their responsibilities. This begins with a comprehensive orientation that covers matters such as the WCB's governance framework and policy, strategy development and deployment, operations, policy development, the Board Appeal Tribunal, employer services, and claims management and the investment and audit committees.

The board members' training continues with professional development offered through organizations such as the Foundation of Administrative Justice, the Institute of Corporate Directors, the Canadian Council of Administrative Tribunals, the Saskatchewan Administrative Tribunals Association and various industry and educational conferences and courses. The board members have earned certificates in adjudication for administrative agencies, boards and tribunals from the Osgoode Hall Law School of York University as part of their ongoing professional development and in 2017 received training through the Institute of Corporate Directors. In 2019, the board members continued to receive training in continuous process improvement and they actively participate in this initiative.

A Governance Framework that Defines Accountability

The board recognizes the importance of a clearly defined governance framework that supports their accountabilities as stewards of the workers' compensation system. In 2019, the board approved a new governance policy and updated other key governance documents during its annual review. These included the board's code of conduct and its orientation and education plan. The board also established a plan for the upcoming year on a number of key governance issues.

Elements within the governance framework that define and chart how accountabilities are met include:

1. Strategy Setting and Performance Monitoring

The CEO, chief financial officer (CFO) and vice-presidents participate in strategic planning sessions with the board. This includes an annual review of the WCB's vision, mission, values, risk register and True North objectives which drive the strategic plan. Our corporate values are the standards by which our actions and decisions are to be considered and judged by others. Our True North objectives represent the five areas that we must focus on to enable improvements to the customer experience. These are:

- **PEOPLE** – Our people expect leadership to provide a healthy and engaging environment. Healthy and engaged staff are better positioned to serve our customers.
- **SAFETY** – Every injury is predictable and preventable. Even one injury is too many. Our customers rely on us to help them eliminate injuries. Our staff deserve to work in a safe and secure environment.
- **FINANCIAL** – Customers expect us to deliver value through our services and programs at a fair and reasonable cost and to meet all our obligations now and in the future.
- **QUALITY & TIMELINESS** – Customers rely on us to deliver service at the right time, when they need it. We owe our customers defect-free service.

The CEO submits a strategic plan for board approval. Regular management reports on progress towards the plan are supplied to the board members.

The annual strategic and operational plan is published and forms part of the required reporting at the WCB's annual general meeting. The Saskatchewan WCB was the first Canadian compensation board to hold annual stakeholder meetings as part of its governance and accountability framework. The Saskatchewan WCB continues to be the only Canadian jurisdiction to voluntarily hold the annual Compensation Institute.

2. Budget and Employer Rate Approvals

The CEO presents an annual budget based on the strategic and operational plan for board approval. Monthly reports are provided to the board, with variance explanations when financial targets are not met.

Employer premium rates are set through a rigorous process that includes the consulting advice and review of an external actuary. Once the proposed rates have been presented to customers and partners (who have the opportunity to raise any concerns with the board), the board approves the rates.

3. The WCB Investment Committee

Fundamental to Saskatchewan's workers' compensation system is the guarantee to workers and employers that benefits and programs will be available if, and when, they are needed. To back up that guarantee, the WCB is required to be fully funded; that is, to have the financial resources available to pay the cost of benefits and programs for all injury claims in the compensation system for the life of the claims. Termed the WCB's "benefits liabilities," the amount needed at the end of 2019 to meet future obligations was \$1.33 billion. Investment assets, the financial resources that back up the funding guarantee to workers, were valued at \$2.15 billion including unrealized investment gains and losses at the end of 2019.

The WCB investment committee is comprised of the three board members who oversee the WCB's financial policies and investments. The WCB's CEO, CFO and controller attend committee meetings. The investment committee is prudent in its policies,

goals and objectives to ensure the financial stability of the WCB. The committee recommends to the board the approval of the WCB's Investment Policy and Guidelines and the appointment of investment managers. It also monitors the performance of the investment managers against the benchmarks established in the Investment Policy and Guidelines.

In discharging its responsibilities, the investment committee meets quarterly to review investment performance and annually to review the Investment Policy and Guidelines, engage a financial consultant to monitor and advise on the performance of investment managers, and participate in ongoing training in investing and investment management.

4. The WCB Audit Committee

The WCB audit committee is comprised of three board members whose role is oversight. The CEO, CFO and director of internal audit attend meetings.

The audit committee:

- Annually performs a self-assessment of committee governance and conducts ongoing training in financial literacy.
- Monitors the auditing, internal controls, accounting and financial reporting processes.
- Ensures independence and monitors the performance of the WCB's internal audit department.
- Reviews the annual audited financial statements and related disclosures, including the Management Discussion & Analysis.
- Ensures compliance with legal and regulatory requirements; also ensures and periodically reviews internal controls on finance, accounting and legal compliance.
- Reviews, monitors and ensures the independence of external auditors appointed by the board.
- Ensures communication among board members, WCB management, the internal audit department and external auditors.
- Meets regularly with WCB executive management, the internal audit department, the provincial auditor, the external auditor and other consultants.

The committee ensures that management practices and programs are in place to identify, monitor and manage risks to the operation of the WCB.

The committee's role does not relieve WCB management of its responsibility to prepare financial statements that present the WCB's financial results and condition accurately and fairly, or the responsibilities of the external auditors relating to the audit of financial statements.

5. Funding Status

The board oversees the funding status of the WCB by establishing the policies that administration implements. When managing capital, the WCB's objectives are to build a funded position that supports the long-term financial stability of the WCB, ensure sufficient funds are available to meet required benefit levels and mitigate unexpected fluctuations in the average premium rate. The process for managing the WCB's funded position is based on its approved funding policy. The funding policy establishes guidelines for the maintenance of a fully funded status and sets the target range for the Injury Fund. In establishing this range, the funding policy calls for exclusion of unrealized gains and losses on investments at the end of the year. The current range is set at five per cent to 20 per cent of benefits liabilities and annuity fund payable.

The disaster reserve is established to meet the requirements of the Act with respect to disasters. The second injury and re-employment reserve provides employers with cost relief on claims that are attributed to an earlier injury, an injury following re-employment and other circumstances established by the policies of the board.

Under the funding policy, when the Injury Fund shifts out of the targeted range of 105 per cent to 120 per cent, the WCB has up to three years to replenish or regulate the fund to maintain a targeted range. If the funding percentage falls below 100 per cent, the WCB takes action to replenish the Injury Fund immediately to reach 100 per cent. If the funded percentage falls below 103 per cent, the WCB, at its discretion, takes action to replenish the Injury Fund to reach 105 per cent within three years. Generally, when the funding percentage rises above 122 per cent, the WCB, at its discretion, distributes surplus

funds to employers within the year following the WCB's fiscal year in which the funding percentage exceeded 122 per cent.

6. Board Appeal Tribunal

Saskatchewan is unique among Canadian jurisdictions. It is the only province with a full-time board that divides its duties between governance and the final appeal function. The board sits as the highest level of appeal at the WCB. The board also has exclusive jurisdiction to determine several types of applications under the Act. Functioning as an administrative tribunal, the board has decision-making responsibilities over matters such as:

- worker appeals regarding injury claims
- employer appeals of worker claims
- employer classification appeals
- employer assessments
- fines and penalties
- Medical Review Panel applications and outcomes
- determination of the right to sue
- overpayments and collections

The board oversees the development and monitors the effectiveness of processes for such applications and appeals to ensure that workers and employers receive fair and timely decisions. As a result of process changes approved by the board in 2015, and the dedication of additional time and resources focused on the appeal process, there has been continued success through 2019 in maintaining a reduced backlog of appeals pending before the board. The board is currently able to advise appellants that the review of their appeal and a decision can be expected within five months. The net turnaround time for appeals has been reduced from 295 days in 2015 to 130 days as of Dec. 31, 2019.

7. The Fair Practices Office

The board is responsible for the appointment of the fair practices officer and oversight of the Fair Practices Office (FPO).

The FPO is a neutral, impartial and independent office of the WCB that is mandated to receive,

investigate and resolve complaints about unfair practices in all areas of service delivery raised by workers, dependants, employers and external service providers. It identifies trends, policy matters and systemic issues arising from such complaints and makes recommendations for improvements, where needed. The fair practice officer reports directly to the board through the chairperson on an annual basis.

8. Code of Conduct

Effective governance recognizes that boards of directors have a responsibility to influence the culture of the organizations they govern. The board examines its code of conduct as part of its annual review of its governance framework and the development of its key governance documents. The current code of conduct establishes a set of principles. Foremost among them is the obligation of accountability to workers, employers, the general public and government. This obligation includes the competent, conscientious and effective performance of the duties of the board.

The code's other principles focus on strategic direction, decisions that serve the best interests of all customers, monitoring and reporting on the WCB's performance and ensuring the capability of governance through the continuing development and education of board members.

The WCB's corporate code of conduct and ethics reflects the board's code of conduct and is intended to guide employees in their decisions and actions. All employees are accountable for ensuring individual and corporate actions are consistent with the code.

Setting High Standards: Expecting Results

As stewards of the workers' compensation system, the board expects management to meet high performance standards and holds the organization to a reporting standard that ensures transparency for customers.

Financial performance is monitored through the board's committee structure, regular management reporting against budget and other financial targets, and ensuring compliance with financial reporting and accounting standards. Reporting on financial

performance is carried out through regular stakeholder events, such as the WCB's annual general meeting and annual rate setting meetings, and through the WCB's annual reports.

Program and management performance is measured through a corporate plan that tracks the WCB's achievement of the strategic plan approved by the board. The WCB has been publishing its strategic objectives and operational targets as part of its annual reports since 2000.

Another initiative implemented by management ensures that the WCB's policies and procedures are reviewed regularly and amended when required. The initiative requires that each policy and its operating procedure are reviewed by management at least once every three years.

Every five years, a mandated Committee of Review (COR) is appointed to review the Act and the WCB's administration. The board encourages stakeholder participation in this process.

The WCB: Quality Oversight

The board and the WCB's executive management recognize that compliance with legislation and policies and effective and efficient operations require continual monitoring of operations and, in particular, key work processes.

In addition to the controls referenced earlier, this is achieved through:

- Quality control processes that start with frontline teams administering claims and include file reviews by team leaders for completeness and accuracy.
- An internal audit department that provides independent, objective assurance and consulting services to the audit committee of the board and to management. This department evaluates processes for risk management, internal control and governance.
- An appeals process that provides injured workers and employers with an objective review of the WCB's decisions and actions. Appeals are first considered by the appeals department or the assessment committee and, if not resolved, then by the Board Appeal Tribunal.
- A Fair Practices Office reporting to the board that receives concerns related to the fairness of the WCB's actions and decisions and, where appropriate, forwards recommendations to WCB managers to resolve concerns.
- Certification by the CEO and CFO that financial statements are presented fairly, in all material respects, and that internal controls are adequate to prevent material misstatement of the financial statements based on an internal assessment by management of the adequacy of internal controls.

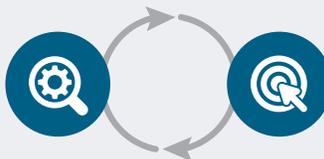
Please visit the WCB's website at www.wcbsask.com for more information on board governance and the WCB's operations and performance.

2019 Continuous Process Improvement Efforts

Board Appeal Tribunal – Registration Process

Challenge

Inconsistencies in the registration process created a delay for customers because staff's six-week rotation cycle resulted in a lack of standard mail registry processes.



Improvement

By standardizing the registry process to follow through the life of a new appeal, errors were reduced, which helped shorten the re-direction of the internal appeal process by two to three months.



Board Appeal Tribunal

Customers who are dissatisfied with decisions on their appeal to the appeals department or the assessment committee can apply to have those decisions reviewed by the Board Appeal Tribunal (the tribunal). The board members serve as the tribunal, the highest level of appeal within the WCB for all matters except for bona fide medical questions, which are determined by a Medical Review Panel.

The tribunal conducted 85 hearings and issued 231 decisions in 2019. It also decided 27 non-appeal matters. Despite high appeal volumes, the tribunal continued to be able to advise customers that the review

of their appeal and a decision could be expected within five months. Although the average number of days to decision increased in 2019, process improvements adopted by the tribunal members and support staff since 2015 have continued to generate efficiencies that have maintained the advances that were made in reducing the backlog of appeals.

The tribunal remained focused in 2019 on the need for thorough file development, ongoing staff and tribunal member training, and the dedication of sufficient time and resources to ensure quality in its decision-making process.



Appeals Activity

	2019	2018	2017	2016	2015
Appeals received	234	287	301	308	273
Accepted	77	116	94	150	152
Denied	154	144	186	201	168
Total appeals decided*	231	260	280	351	320
Appeals withdrawn	12	17	29	36	22
Appeals pending	90	99**	87**	94**	173**
Average number of days to decision	130	115	118	165	295
Oral hearings	85	110	91	140	103

* Appeals may carry over from the previous year or be decided the following year.

**Years prior to 2019 include non-appeal applications.

Board Appeal Tribunal (continued)

Source of Appeals

	2019	2018	2017	2016	2015
Workers' advocate	95	126	107	132	110
Worker	79	85	87	96	72
Employer	50	68	91	48	66
Other representative	8	5	6	13	12
Lawyer	2	2	8	18	11
Union official	0	0	0	0	2
Family	0	1	2	1	0
Total	234	287	301	308	273

Nature of Appeals Decided

	2019		2018		2017		2016		2015	
	<i>total</i>	<i>accepted</i>								
Initial acceptance	76	29	89	36	76	29	127	57	106	50
Relationship (of condition to injury)	64	14	61	29	69	19	106	44	69	23
Cost relief	42	15	21	12	70	24	41	15	54	34
Recovery/fitness for work	14	6	38	22	23	10	23	9	30	16
Other	11	5	12	6	17	4	18	8	9	3
Suspension	9	3	2	1	4	2	8	4	10	6
Expenses	6	1	12	3	3	0	2	0	6	3
Retraining	3	1	5	1	4	1	4	2	7	3
Wage base	3	1	4	2	4	1	7	3	3	2
Estimated earnings	1	1	8	2	2	2	5	3	12	4
Assessment/surcharge	1	1	3	1	4	1	7	3	6	3
Permanent functional impairment	1	0	5	1	2	1	2	1	7	5
Independence allowance	0	0	0	0	2	0	1	1	1	0
Total	231	77	260	116	280	94	351	150	320	152

The above table provides the total decided appeals, not counting those withdrawn, and the number of those accepted.

The tribunal also determines other types of applications, such as requests to issue orders allowing the WCB to collect overpayments and compel documentation, applications under Section 169 of *The Workers' Compensation Act, 2013* (the Act) to determine if an action should be barred and applications to determine whether certificates required with respect to Medical Review Panels comply with the Act. In 2019, there were 27 non-appeal matters decided. Medical Review Panels and Section 169 applications are two of the most common non-appeal matters brought forward.

Medical Review Panels

	2019	2018	2017	2016	2015
Certificates accepted	4	4	4	8	6
Certificates denied	19	22	15	12	9
Medical Review Panels withdrawn	0	0	1	0	0
Total	23	26	20	20	15

A Medical Review Panel is a panel of health-care practitioners that is called upon when a medical decision about an injured worker is questioned. The panel is the final step in the appeal process and its decision is binding on the worker and the WCB. The Act sets out how a Medical Review Panel can be requested, who sits on the panel and how it will operate. The board reviews the enabling certificate that supports the request for a Medical Review Panel, as well as the decision of the panel, to ensure that the requirements of the Act have been followed.

During 2019, there were two Medical Review Panels held; one was denied and the other was not completed as of Dec. 31, 2019. The other two certificates accepted in 2019 have not yet had the Medical Review Panel examination.

Section 169 Applications

	2019	2018	2017	2016	2015
Barred	1	4	2	3	4
Not barred	0	0	2	2	1
Withdrawn	0	1	2	1	2
Partially barred	0	0	0	1	0
Not yet decided	1	0	0	0	0
Total received	2	5	6	7	7

The above table reflects the year the application was received and not the year the application was decided.

Section 43 of the Act states: “no employer and no worker or worker’s dependant has a right of action against an employer or a worker with respect to an injury to a worker arising out of and in the course of the worker’s employment.” Section 169 (1) of the Act states: “any party to an action may apply to the board for adjudication and determination of the question of: a. the plaintiff’s right to compensation pursuant to this Act; or b. whether the action is barred by this Act.” In other words, if there is a court action or a grievance which relates to a work injury, a Section 169 application can be brought to the board members for a ruling on whether the action is barred by the provisions of the Act.



Appeals Department

The core mandate of the appeals department is to provide workers and employers with an accessible, independent and unbiased process of review of WCB decisions relating to a worker's claim for benefits and compensation.

The appeals department is separate from, and independent of, the operations division, where initial claim decisions are made. Employers or injured workers who disagree with an initial decision on an injury claim may appeal and request a review of that decision by the appeals department.

In reviewing the initial claim decision under appeal, the appeals department may or may not come to the same conclusion as the original operations decision-maker. The approach undertaken by the appeals department is a new adjudication based on the available evidence or any newly tendered evidence.

Workers or employers who disagree with a decision of the appeals department may further appeal to the Board Appeal Tribunal, which is the final level of appeal.



Appeals Activity

	2019	2018	2017	2016	2015
Prior year's pending	152	145	109	82	133
Appeals registered	1,144	1,165	1,143	1,217	1,139
Total appeals	1,296	1,310	1,252	1,299	1,272
Accepted	245	256	265	312	303
Denied	697	813	761	769	785
Returned for development	75	51	48	78	57
Subtotal completed	1,017	1,120	1,074	1,159	1,145
Withdrawn	44	38	33	31	45
Appeals pending	235	152	145	109	82
Average days to decision	80	57	38	24	38
Appeals decided within 30 days	11%	12%	25%	78%	35%
Appeals decided within 45 days	12%	20%	72%	98%	68%
Appeal meetings*	2	26	38	33	45

*Meetings are granted if requested by a worker or employer.

Committee of Review

The Saskatchewan government establishes a WCB Committee of Review (COR) every five years. Our principal customers — workers and employers — are represented on each COR. CORs may inquire into any and all aspects of the WCB's operations. They can also recommend amendments to legislation and changes to the WCB's policies and practices.

The most recent COR was in 2015. It received over 70 written submissions and hosted public consultations in Saskatoon, North Battleford, Prince Albert, Yorkton and Regina. The COR committee released the Workers' Compensation Act Committee of Review Report in 2016 based on public consultations.

The COR report released in 2016 noted 11 recommendations. As of 2019, all 11 recommendations have been addressed, implemented or legislated. The exceptions are noted below:

1. **Culture and Customer Service:** Focus on corporate culture and develop a customer-centric service delivery model.

Status: The WCB's culture and customer service excellence is being addressed as part of the WCB's continuous process improvement effort and through the strategy deployment system, which is aligning efforts to our vision, mission and True North objectives.

2. **Board Structure and Governance:** Modernize board structure to reflect the diversity of skill sets required to guide the work of the WCB.

Status: In December 2018, the Minister proposed an increase in the number of members of the Workers' Compensation Board. Once appointed, the WCB will consist of up to seven board members:

- one full-time chairperson
- two full-time members (one representing workers and one representing employers)
- up to four part-time members (two representing workers and two representing employers)

3. **Appeals:** Significantly reduce the average number of days to a decision and communicate clearly with appellants throughout the process.

Status: The appeals process is being reviewed as part of the WCB's continuous process improvement effort. Since 2015, Board Appeal Tribunal appeal wait times have decreased by 56 per cent. The WCB is reviewing processes to improve the days to appeal decision and to improve appellant communications throughout the process.

4. **Psychological Injury:** Strengthen the Psychological Injury Policy regarding post-traumatic stress disorder and mental health coverage for Saskatchewan workers.

Status: Psychological injury claims were addressed in 2016 with an amendment to *The Workers' Compensation Act, 2013* (the Act) to establish a rebuttable presumption for workers experiencing psychological injuries caused by workplace trauma. In 2019, the WCB developed a specialized unit focused on adjudicating and managing psychological injury claims.

5. **Fatality Service Specialists:** Assign fatality service specialists to assist individuals and families affected by workplace fatalities and minimize the number of case workers per claim.

Status: The WCB's extended services department was established in 2016. Three staff currently manage fatality, cancer-related and catastrophic injury claims.

6. **Co-ordination of Benefits:** Co-ordinate benefits between the WCB and SGI to ensure that no worker is disadvantaged in the event of a work-related motor vehicle incident.

Status: This recommendation has been reviewed and may require legislative change.

7. **Privacy Policy:** Repeal sections 173 and 174 of *The Workers' Compensation Act, 2013* to comply with the provisions of *The Freedom of Information and Protection of Privacy Act* (FOIP) and update the WCB's privacy policy to align with the changes.

Status: Sections 173 and 174 were not repealed. FOIP was amended instead. The provision in section 173 of our Act stating that the worker can only use their file for the purposes of an appeal was removed from this section.

8. **Employer Resource Centre:** Establish an Employer Resource Centre, co-ordinated through the Office of the Workers' Advocate, dedicated to helping employers navigate the workers' compensation system.

Status: An Employer Resource Centre working group convened in mid-2018 to investigate the gaps in supports for employers navigating the workers' compensation system. The Employer Resource Centre was established in September 2019.

9. **Communication and Surplus:** Increase transparency and awareness so the public understands the application of the surplus in the Funding Policy.

Status: This recommendation is being addressed as part of the WCB's continuous process improvement effort.

10. **Rate Review and Standard Discount:** Ensure best practices are fair and equitable for all employers and not excessively punitive for small employers.

Status: Planning will begin for the next Experience Rate Review Stakeholder Committee, which meets every three to five years to recommend changes to the Experience Rating Program.

11. **Review Implementation and Oversight:** Strengthen ongoing communication with customers and stakeholders regarding Committee of Review recommendations and implementation.

Status: This recommendation will be addressed through the development of a WCB communication process.

Please see the WCB's website, www.wcbask.com, for the full COR report and recommendations.



Fair Practices Office

About the Fair Practices Office

The Fair Practices Office (FPO) is an independent office of the WCB, established under section 186 of *The Workers' Compensation Act, 2013* and reporting to the board of directors through the chairperson. The FPO works to promote fairness in the services delivered by the WCB. It does so by:

- Responding and listening to the concerns raised by workers, their dependants, employers and external service providers.
- Working to resolve fairness issues as quickly and as informally as possible.
- Identifying recurring fairness issues, reporting them to the WCB and, when appropriate, making recommendations for improvement.

Role

The role and mandate of the FPO is set out in the WCB policy, Fair Practices Office (POL 29/2016).

The FPO's role is to be an impartial, confidential and informal resource for workers, their dependants, employers, external service providers and the WCB. As an impartial resource, the FPO does not take sides. It assesses each situation based on its own merits and works toward a fair resolution and improved services.

Mandate

The FPO can look at all areas of service delivered by the WCB, including:

- Delays in adjudication, communication, referrals and payments.
- Conduct of WCB staff.
- Concerns about verbal and/or written communication.
- Implementation of appeal findings.
- Revenue and employer accounts.
- Benefit payments.
- Misapplication of policy.

The FPO cannot look at matters outside of its mandate, including matters related to:

- The conduct and decisions of board members.
- Cases under appeal or in the appeal process.
- Appeal decisions made by the appeals department and by the Board Appeal Tribunal.
- Changes in *The Workers' Compensation Act, 2013* or its regulations.
- Allegedly illegal or fraudulent acts.



Number of Inquiries Received and Resolved

	2019	2018	2017	2016	2015
New inquiries received	401	355	375	425	403
New inquiries resolved	397	345	373	425	401

Note: Inquiries resolved are based on the number of closed inquiry files per year. Inquiries not resolved in one calendar year are carried over to the following year.

In 2019, the FPO on average received 33 new inquiry calls per month.

How New Inquiries Were Resolved

	2019	2018	2017	2016	2015
Completed by FPO without referral	276	250	274	250	237
Called the WCB for clarification	27	19	16	62	45
Referral to the WCB for review	71	60	83	113	119
Referred to outside entity	23	16	0	0	0
Total	397	345	373	425	401

Note: Numbers include only new inquiries.

The majority of inquiries to the FPO are concluded by FPO staff, meaning FPO staff have been able to assist the customer and answer their questions or provide them the information they needed to resolve their concerns.

In 2019, the FPO referred one in four inquiries back to the WCB decision-maker for either clarification or for review and reconsideration of their decision. The FPO refers cases back for reconsideration based on several factors, including interpretation of policy, use of discretion by the decision-maker and the information available to the decision-maker.

Outcomes of Referrals to the WCB

	2019	2018	2017	2016	2015
Decision changed	4	10	18	20	20
New action taken	53	41	59	85	93
Reviewed — no change	14	9	6	8	6
Total	71	60	83	113	119

New Inquiries

	2019	2018	2017	2016	2015
Employers	23	20	23	46	37
Workers	362	328	350	375	364
Other	16	7	2	4	2
Total	401	355	375	425	403

In 2019, the majority of individuals who called the FPO identified themselves as workers.

Purpose of Inquiry

	2019	2018	2017	2016	2015
Decision/decision-making process	339	304	344	377	386
Communication/services	124	113	126	114	92
Timeliness	63	40	36	51	70
General information	91	89	75	107	127
FPO systemic issue	0	0	0	0	1
Other	28	5	5	4	0
Total	645	551	586	653	676

Note: More than one issue can be raised per inquiry file.

Workers and employers call the FPO with a variety of questions and concerns that fall into four broad fairness categories:

1. Communication and Services

Questions or concerns related to a customer's experience and level of satisfaction with the services provided by, or communication with, WCB staff and/or services providers. Examples of this may include unclear communication, difficulty in contacting WCB staff or in having calls returned, communication that the customer views as disrespectful, concerns about accessing information in a timely manner, the release of information and the sufficiency of information provided.

2. Decision/Decision-Making Process

Questions or concerns about the decision made or the decision-making process used by WCB staff. Examples of this may include: disagreement with decisions to accept or deny a claim, suspension or calculations of benefits, involvement in return to work or vocational plans and the application of WCB policies to a claim.

3. Timeliness

Questions or concerns about the length of time it has taken the WCB to render a decision or provide a service related to the claim. Examples of this may include: perceived delays in making an initial decision to accept or deny a claim, perceived delays in making a decision to provide medical aid and delays in issuing benefits.

4. General Information

Questions or concerns about the WCB case management process, policies, procedures or legislation, information about the status of a claim and referrals to another WCB office or external organization that can assist the customer.

In 2019, the majority of inquiries received by the FPO were from workers concerned most about decisions made or the decision-making process used by the case manager on their claim file.

Response Time to Close New Inquiries (% of Inquiries)

	2019	2018	2017	2016	2015
0-7 days	70.0	68.5	64.9	56.7	57.9
8-30 days	23.0	23.7	26.8	34.8	26.4
Over 30 days	7.0	7.8	8.3	8.5	15.7
Total	100.0	100.0	100.0	100.0	100.0

In 2019, 93 per cent of the new inquiries received by the FPO were concluded within 30 days and 70 per cent were concluded within seven days.



New & Amended Policies & Procedures

Policy directives include policy and procedure documents that form the basis of decisions made, or actions performed, under *The Workers' Compensation Act, 2013*. Policies are authorized by the board members throughout the year in order

to interpret legislation and regulations. Procedures are authorized by the CEO. They support policies and provide specific instructions for day-to-day tasks or functions required to implement policy.



The following policies and procedures were amended or introduced in 2019:

- Travel Expense Rates (POL & PRO 01/2019)
- Decision Making (POL & PRO 02/2019)
- Under and Overestimating Payroll – Penalties and Credits (POL 03/2019)
- Safety Associations (POL 04/2019)
- Fatalities (POL & PRO 05/2019)
- Family Support – Seriously Injured Workers (POL & PRO 06/2019)
- Minimum Average Weekly Earnings (Section 70(5)) – 2020 (PRO 07/2019)
- Minimum Compensation (Section 75) – 2020 (PRO 08/2019)
- Maximum Wage Rates – 2020 (POL & PRO 09/2019)
- Maximum Assessable Wage Rate – 2020 (POL 10/2019)
- Medication Coverage (POL & PRO 11/2019)
- Default in Assessment Payment – 2020 (PRO 12/2019)
- Industry Premium Rates – 2020 (POL 13/2019)
- Consumer Price Index (CPI) – Annual Increase – 2020 (PRO 14/2019)
- Calculation of Probable Compensation (PRO 50/2019)

WCB policies and procedures are available on the WCB's website, www.wcbask.com.

Management Discussion & Analysis

The Management Discussion & Analysis (MD&A) is intended to provide an explanation of our financial position and results of operations for the year ended Dec. 31, 2019. The MD&A should be read in conjunction with the audited financial statements and supporting notes, as it complements and supplements these documents.

The board sets the direction for the WCB. It is the role of the executive and management to lead staff to create meaningful value for our customers whom we serve. The primary driver behind all that we do is our vision to eliminate injuries and restore abilities.

As an organization, we have been engaged in a relentless pursuit to improve the WCB customer experience. This transformation involves both a personal and organizational shift to a culture of continuous process improvement (CPI) that focuses on providing an exceptional experience for all our customers.

We have learned that a continuous pursuit of excellence is not achieved solely by introducing the tools and best practices that may have been successful for others. Instead, it requires leaders, management and our frontline teams to understand the “why” behind the work that we do on behalf of our customers and to build processes and systems that enable us to achieve worthwhile results.

We must ask ourselves what specific results our processes and systems are intended to achieve for the benefit of customers and our people. Only then can we adopt the appropriate tools that will improve these processes and systems, thereby better enabling our people to achieve the results that fulfil our vision. As leaders, we are working diligently to learn and articulate these connections

so that together with our staff, we can develop a culture that drives us toward our vision.

What governs us throughout this process is our values — safety, respect for people, excellence, collaboration and being customer-focused. Those are the standards to which we hold each other accountable and against which our actions and decisions can be judged.

In 2019, affecting the customer experience positively through building and strengthening our culture has been, and will continue to be, our focus in fulfilling our mission. We have been striving to advance our culture through the development of processes and systems that will drive the ideal behaviours that we believe will ultimately achieve meaningful, lasting results.

In 2019, we continued focusing on improving a number of critical systems:

- Refining our **strategy deployment system** to create greater alignment throughout the organization with an increased focus on what our customers believe is important.
- Making investments in our **safety management system** to demonstrate respect for our people in pursuit of Mission: Zero at the WCB.
- Rolling out a **daily management system** that enables teams to better prepare for their day, manage the work and identify opportunities to develop people and improve processes.
- Investing in **organizational development** to develop staff and leaders in their technical and behavioural skills and enable all staff to have an engaging and fulfilling career with the WCB. This in turn will lead to a consistent and positive customer experience.

- Implementing components of our **Voice of the Customer system** to ensure customer input is meaningful, timely and becomes a critical factor in our decision-making and improvements.
- Accelerating the use of our **improvement system** to tackle and solve complex and cross-functional problems and taking initial steps in changing how our claims services could be better structured.
- Working through significant changes to our leadership structures, in particular ensuring a seamless transition for the new chief executive officer.

Further in the MD&A, we will expand on five key areas where we are focusing and monitoring the degree to which we are improving the customer experience:

- Safety**
- Quality**
- Timeliness**
- People**
- Financial**

These areas are known as our True North objectives. We have developed metrics to assess our progress, which guide us regarding the impacts our collective

actions as “one team” are having on the customer and staff experience.

In the months and years ahead, we will continue to pursue excellence, with a focus on the development of our culture. We will continuously strive for improvement. Our aim is to provide accurate and timely service, develop simple and easy-to-understand processes and provide flexible access to service. We will find ways to engage customers in a meaningful two-way dialogue that informs and assists us in improvement. We will continue to communicate and reinforce positive behaviours across our teams that provide the platform for our culture and celebrate the significant achievements that bring us all closer to our vision and mission.

As we close out the year, we are grateful for the dedication and commitment of our staff and the patience of our customers, the workers and employers of Saskatchewan, as we continue to work toward customer service excellence.



Phillip Germain
Chief executive officer



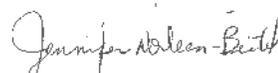
Crystal Nett
Chief financial officer & vice-president corporate services



Kevin Mooney
Vice-president, prevention & employer services



Stuart Cunningham
Vice-president, human resources, communications & CPI



Jennifer Norleen-Beitel
Vice-president, operations



Enterprise Risk Management

Enterprise risk management identifies risks to achieving strategic and operational success, and the actions to mitigate those risks. The WCB uses identified risks as a reference in strategic and operational planning.

The identification and evaluation of risks is completed by senior management, with the board reviewing the results.

The top risks identified by senior management in 2019 were:

Labour unrest*	The WCB's collective agreement has expired. There is a risk to morale, productivity, turnover and of job action. <small>*The labour unrest risk was significantly reduced with the ratification of a new collective agreement in December 2019.</small>
Modernization of claims system software	There is a risk that if the WCB does not upgrade the claims system software or implement an updated claims system, the organization will not be able to serve our customers.
Claims management	There is a risk that claim acceptance, payments, management process and decisions will not comply with applicable policy, procedure and service standards.



Cybersecurity	There is a risk that the WCB will be the victim of an internal or external security attack affecting system availability and performance, data integrity or unauthorized access to data.
Health, wellness, safety and security	There are risks of health, wellness, safety and/or security issues to employees and visitors of the organization.
Privacy and information protection	The WCB gathers and stores personal identifiable information and is responsible for protecting it. The loss or theft of this information could negatively affect the WCB and its customers.
Customer service delivery	Our customers expect the WCB to keep up with their preferences for service delivery and to reimagine business processes to serve them.
Corporate training and development	There is a risk that if the WCB is not able to provide quality training and development opportunities in a timely manner, employees will lack the ability to do their jobs effectively and/or there will be insufficient numbers of competent staff available at a given time to effectively serve our customers.

Strategic and operational plans incorporate control requirements, which prioritize process improvement initiatives and projects to reduce or mitigate identified risks.

WCB True North



Our True North objectives guide us toward a culture of continuous process improvement and are core to creating a customer-centric organization.

True North	Definition
Customer Experience	Workers and employers deserve excellent service. That is what employers pay for.
Safety	Every injury is predictable and preventable. Our customers rely on us to help them eliminate injuries. Our staff deserve to work in a safe and secure environment.
Quality & Timeliness	Customers rely on us to deliver service at the right time, when they need it. We owe our customers defect-free service.
People	Our people expect leadership to provide a healthy and engaging environment. Healthy and engaged staff are better positioned to serve our customers.
Financial	Customers expect us to deliver value through our services and programs at a fair and reasonable cost and to meet all our obligations now and in the future.

2019 Annual Objective Measures	Dec 2018 Actual	Dec 2019 Target	Dec 2019 Actual
Worker satisfaction score	4.17 out of 5	>= 4.20 out of 5	4.02* out of 5
Employer satisfaction score	4.23 out of 5	>= 4.20 out of 5	4.18* out of 5
Claims accepted (includes Time Loss, No Time Loss and current year fatality claims; excludes claims for self-insured employers)	22,371	20,109	21,473
WCB employee claims accepted (includes Time Loss and No Time Loss claims)	14	4	6
Worker – performed services right (PSR) the first time score (worker satisfaction quarterly survey)	4.23 out of 5	4.30 out of 5	4.13* out of 5
Employer – performed services right (PSR) the first time score (employer satisfaction quarterly survey)	4.09 out of 5	4.30 out of 5	4.02* out of 5
Persistency (percentage of injured workers who have not returned to work six months post-injury)	11.9%**	10.0%	15.5%
Monthly staff engagement survey score	6.50 out of 10	7.9 out of 10	6.0 out of 10
Admin cost/\$1M of assessable payroll	\$2,570	\$2,500	\$2,653
Funded position	115.2%	105% - 120%	115.1%

* 2019 results are a composite of quarterly results through the year.

** The method used to calculate persistency was changed in 2019. Prior years have been restated.

2019 Operational Highlights

Our reporting highlights focus on five key areas of the customer experience:

- safety
- quality
- timeliness
- people
- financial

These areas, which we refer to as our True North, provide the framework within which we serve our customers. Our True North derives from our vision, mission, values and principles and reflects how we will strive to better meet the needs of our customers at an operational level.

Within these five areas, we will report through the voice of the customer on worker and employer satisfaction, which represents customers' overall experience with the WCB.



Through our safety objective, we will share the 2019 provincial injury rates, fatalities and severe injuries, as well as Time Loss and No Time Loss claims statistics. We'll touch on major initiatives introduced in 2019, including the Fatalities and Serious Injuries strategy.

Under quality and timeliness, we outline improvements made in the past year to the claims process, and share updates on claim durations and return to work. We'll also highlight improvements made to navigate the compensation system, including the new Employer Resource Centre.

In our people-focused section, we will detail WCB employee engagement and reflect on development of our strategy deployment system, our organizational development efforts and the transformative work focused on our culture.

In our financial report, we will provide an in-depth review of the WCB's financial results in 2019, which will include claim costs, administrative costs and the WCB's funded position.





 **4.02**
out of 5
Injured workers'
overall satisfaction
of the WCB's quality of service

 **4.18**
out of 5
Time Loss employers'
overall satisfaction
of the WCB's quality of service



Voice of the Customer

In 2019, the WCB continued developing an organization-wide Voice of the Customer (VoC) system to identify areas to improve the WCB customers' experience. The VoC system is designed to gather customer feedback about their experiences and expectations. The intent is to focus on our customers' needs, expectations and understandings, and to base process improvements on this feedback.

The priority of the VoC system is to ensure that customer feedback is listened to and acted upon as a sustainable and measurable priority.

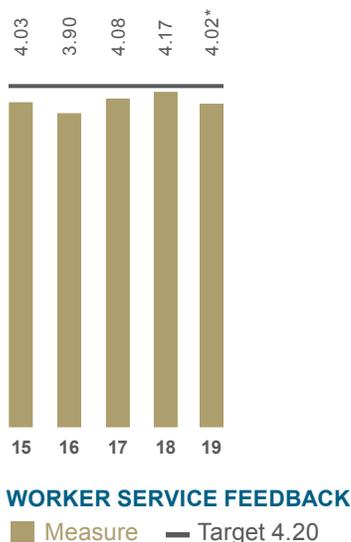
Each year, the WCB completes quarterly surveys alternating between workers and employers. These comprehensive surveys touch on the quality of service that the WCB is able to provide to our customers. The surveys track customer opinions on high quality service, high standard of values and overall satisfaction, while also tracking perceptions of the WCB’s website and return-to-work services.

The quarterly surveys also allow plenty of room for customers to provide verbatim comments back to the WCB. The cumulative reports, complete with scoring and comments, allow the WCB to assess areas of strength, as well as where there is room for improvement.

Worker Feedback

The WCB collects scores from injured workers and employers on a wide variety of qualities. These can generally be grouped into high quality of service (HQS) and high standard of values (HSV). The HQS measures the quantitative service attributes of the WCB, such as completing a task on time and completing it correctly.

The HSV measures the more qualitative aspects of the WCB, such as honesty, politeness and fairness. This takes into account the more personal attributes that staff provide to injured workers.



*2019 results are a composite of quarterly results through the year.

In 2019, the overall customer satisfaction score for workers was 4.02 out of five. This is down from 4.17 in 2018. The WCB continues to maintain a high score of 4.29 out of five in the HSV.

The quarterly survey tracks customers’ levels of agreement with statements regarding the HQS and HSV and overall satisfaction, which together form the basis of the overall customer satisfaction score.

Injured worker satisfaction survey results included:

Attribute	2019	2018
When my WCB representative made a promise to do something by a certain time, they did it.	4.07 (out of 5)	4.04 (out of 5)
My WCB representative kept me informed on the status of my claim.	3.98 (out of 5)	4.04 (out of 5)
My WCB representative clearly explained how my claim was decided.	3.74 (out of 5)	3.82 (out of 5)
My WCB representative was honest.	4.45 (out of 5)	4.53 (out of 5)
I was treated fairly.	4.25 (out of 5)	4.35 (out of 5)

Injured worker scores are aggregate scoring from Q1 and Q3 scoring.

Select verbatim worker feedback responses included:

- The whole team I worked with was phenomenal.
- Some of the forms and questions were overwhelming.
- It’s much better than expected.
- (The WCB should) follow up after the return-to-work process, just to make sure everything is going well.
- I was blessed with a good person that took care of me.
- I was surprised at how easy it was to deal with the WCB.

Employer Feedback

The WCB collects scores from injured workers and employers on a wide variety of qualities. These can generally be grouped into high quality of service (HQS) and high standard of values (HSV). The HQS measures the quantitative service attributes of the WCB, such as completing a task on time and completing it correctly.

The HSV measures the more qualitative aspects of the WCB, such as honesty, politeness and fairness. This takes into account the more personal attributes that staff provide to employers.

The 2019 overall satisfaction score from employers is 4.18 out of five, which is down from 4.23 a year ago. Similar to worker surveys, employers who are managing a Time Loss claim have shown to be impressed with the HSV of the WCB, scoring a combined 4.32 out of five on the HSV.

The quarterly survey tracks customers' levels of agreement with statements regarding the HQS and HSV and overall satisfaction, which together form the basis of the overall employer satisfaction score.

Employer satisfaction survey results included:

Attribute	2019	2018
The WCB was honest.	4.45 (out of 5)	4.48 (out of 5)
I was treated fairly.	4.34 (out of 5)	4.39 (out of 5)
The WCB was knowledgeable.	4.31 (out of 5)	4.37 (out of 5)
The WCB was quick to resolve problems.	3.45 (out of 5)	3.46 (out of 5)
Overall, I was satisfied with the ease of accessing WCB services.	4.07 (out of 5)	4.18 (out of 5)

Employer scores are aggregate scoring from Q2 and Q4 surveys.



EMPLOYER SERVICE FEEDBACK

■ Measure — Target 4.20

*2019 results are a composite of quarterly results through the year.

Select verbatim employer feedback responses included:

- I would like them to move to an email system, not the phone.
- Whenever I have questions about the forms, they are extremely helpful.
- They've been very polite and speedy with their decisions.
- They should be more helpful with employers who are new to dealing with the WCB.
- I got the service I needed and haven't had to wait too long to reach anyone.
- I really think it's a fantastic program and everyone should have the WCB in a professional environment.



1.86

Time Loss injury rate
Per 100 workers
(includes Time Loss + fatalities)



36

2019 fatalities

4.95

Total injury rate
Per 100 workers





Safety Highlights

The WCB is relentlessly pursuing safety to ensure all workers within our province have the healthy and safe workplace they deserve. Every injury is predictable and preventable. Our customers rely on us to help them eliminate injuries. This is the essence of our vision statement – we eliminate injuries and restore abilities.

Objectives:

- By Dec. 31, 2019, there would be a 10 per cent reduction in workplace injuries and fatalities.
 - In 2019, there was a four per cent reduction in workplace injuries and a 25 per cent reduction in workplace fatalities.
- By Dec. 31, 2019, there would be a 10 per cent reduction in total injuries in health care.
 - In 2019, the total number of injuries in health care decreased by 0.7 per cent (from 3,949 in 2018 to 3,920 in 2019).

2019 Top Injuries

2019 Top Five Rate Codes with Injuries*

Rate code	Number of claims accepted
G22 Health authority, hospitals, care homes	3,920
G31 Cities, towns, villages, RMs	1,218
S21 Community and social services	990
C61 Automotive, implement sales and service	896
T42 Transportation, courier, commercial bus	896

* All claims reported and accepted in 2019, excluding self-insured.

2019 Top Five Occupations with Injuries*

Occupation	Number of claims accepted
Nurse aides, orderlies and patient service associates	1,449
Truck drivers	934
Registered nurses	764
Material handlers	680
Retail salespersons and sales clerks	667

* All claims reported and accepted in 2019, excluding self-insured.

2019 Top Five Injured Body Parts*

Part of body	Number of claims accepted
Hand	4,453
Back	3,607
Leg	2,935
Arm	1,994
Multi	1,713

* All claims reported and accepted in 2019, excluding self-insured.

2019 Injuries by Age & Gender*

Age	Male	Female	Total
Under 25	2,166	1,194	3,360
25-34	3,397	1,854	5,251
35-44	2,805	1,807	4,612
45-54	2,266	1,838	4,104
55-64	1,979	1,476	3,455
65 and over	486	201	687
Unknown age**	2	2	4
Total	13,101	8,372	21,473

* All claims reported and accepted in 2019, excluding self-insured.

** At time of publication, there were four claims with unknown ages.

Injury Rates

RATE CODE	DESCRIPTION	TIME LOSS INJURY RATE*					TOTAL INJURY RATE				
		2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
All-class**		1.86%	1.99%	1.86%	1.86%	2.07%	4.95%	5.44%	5.25%	5.55%	6.30%
A11	Light agricultural operations	4.37%	5.10%	5.36%	4.95%	6.55%	10.81%	10.57%	11.16%	12.04%	14.30%
A21	Farming & ranching	2.01%	2.26%	2.51%	1.22%	1.92%	4.01%	4.07%	4.76%	3.51%	4.60%
A31	Grain elevators & inland terminals	0.59%	0.61%	0.48%	0.42%	0.54%	2.73%	2.55%	2.66%	2.59%	2.86%
B11	Construction trades	2.09%	2.44%	2.10%	2.21%	2.45%	7.37%	8.31%	8.02%	9.80%	9.93%
B12	Residential construction	3.15%	3.18%	2.71%	3.17%	3.64%	7.70%	8.54%	8.04%	8.34%	10.82%
B13	Commercial, industrial construction	1.57%	2.06%	1.84%	1.37%	2.01%	6.59%	7.45%	6.45%	5.35%	7.72%
C12	Light commodity marketing	1.09%	1.07%	1.15%	1.07%	1.18%	3.01%	3.06%	2.96%	3.12%	3.54%
C32	Grocery, department stores, hardware	1.57%	2.00%	1.75%	1.81%	2.03%	4.29%	4.96%	4.68%	4.86%	5.86%
C33	Wholesale, chain stores	2.89%	2.87%	3.22%	2.91%	3.32%	7.39%	6.86%	7.07%	7.85%	9.68%
C41	Co-operative associations	2.32%	2.40%	2.44%	2.37%	2.76%	5.42%	5.92%	6.35%	7.40%	8.98%
C51	Lumber yard, builders' supplies	2.36%	2.45%	2.56%	3.27%	3.59%	6.13%	6.71%	7.02%	8.65%	9.02%
C61	Automotive, implement sales & service	1.35%	1.27%	1.37%	1.33%	1.38%	3.70%	4.04%	4.18%	4.21%	4.48%
C62	Automotive service shops, towing	1.72%	1.57%	1.63%	1.79%	2.05%	5.23%	5.28%	5.07%	5.66%	6.73%
D32	Operation of oilwells	0.61%	0.48%	0.32%	0.55%	0.70%	2.07%	2.20%	2.48%	2.77%	2.15%
D41	Oilwell servicing	1.39%	2.07%	2.01%	1.54%	2.38%	5.78%	7.06%	6.89%	6.69%	8.29%
D51	Service rigs, water well drilling	1.91%	2.07%	2.08%	1.82%	1.38%	8.74%	11.38%	12.61%	10.60%	8.50%
D52	Seismic drilling	1.32%	1.83%	2.19%	0.88%	0.67%	6.28%	9.24%	8.87%	4.51%	5.62%
D71	Open-pit mining	1.79%	2.25%	1.78%	3.25%	0.90%	6.52%	7.99%	14.15%	11.88%	6.59%
D72	Underground softrock mining	0.65%	0.49%	0.73%	0.65%	0.98%	3.72%	5.11%	5.44%	13.50%	6.51%
D73	Underground hardrock mining	0.83%	0.83%	0.64%	0.52%	0.51%	3.89%	3.91%	4.04%	3.77%	3.54%
G11	Post-secondary education	0.70%	0.89%	0.66%	1.16%	0.73%	2.19%	2.48%	2.89%	3.29%	2.73%
G12	Elementary & secondary education	2.66%	2.87%	2.49%	2.43%	2.78%	6.95%	6.94%	6.25%	6.17%	7.34%
G22	Health authority, hospitals, care homes	3.39%	3.50%	3.25%	3.37%	3.49%	7.22%	7.90%	7.48%	7.96%	8.49%
G31	Cities, towns, villages, RMs	3.31%	3.30%	2.99%	2.82%	3.29%	8.29%	9.30%	8.57%	8.59%	9.39%
G51	Government of Saskatchewan & ministries	2.01%	1.82%	1.78%	1.97%	2.53%	4.55%	5.00%	4.75%	6.21%	7.12%
M31	Manufacturing, pipeline operations	0.70%	0.55%	0.53%	0.49%	0.43%	1.96%	1.82%	2.00%	1.34%	1.76%
M33	Refineries and upgrader	0.41%	0.72%	0.51%	1.18%	0.76%	1.88%	2.31%	1.99%	3.23%	2.64%
M41	Dairy products, soft drinks	2.83%	2.91%	3.18%	3.24%	5.02%	8.48%	9.97%	11.37%	12.02%	15.22%
M42	Bakeries, food prep & packaging	2.08%	1.99%	2.28%	1.72%	1.78%	6.49%	6.60%	6.55%	4.66%	5.58%
M62	Mills, semi-medium manufacturing	3.09%	3.71%	3.83%	3.58%	4.21%	9.06%	9.84%	10.14%	11.30%	12.65%
M72	Processing meat, poultry & fish	4.79%	5.31%	4.04%	4.25%	5.54%	13.17%	16.22%	14.09%	12.48%	19.90%
M81	Metal foundries & mills	2.49%	3.00%	2.16%	2.35%	3.24%	8.68%	9.61%	8.26%	7.10%	12.82%
M91	Agricultural equipment	2.51%	3.08%	2.53%	2.68%	3.15%	8.60%	10.87%	10.72%	10.15%	12.27%
M92	Machine shops, manufacturing	2.33%	2.85%	2.64%	2.36%	3.35%	8.32%	10.31%	9.15%	8.31%	10.94%
M94	Iron & steel fabrication	3.13%	3.06%	3.12%	3.05%	2.52%	11.25%	11.53%	11.84%	10.62%	11.48%
R11	Road construction & earthwork	1.25%	1.42%	1.62%	1.69%	1.96%	4.56%	5.34%	5.49%	5.91%	7.04%
S11	Legal offices, financial, drafting	0.15%	0.23%	0.34%	0.21%	0.20%	0.62%	0.56%	0.72%	0.68%	0.69%
S12	Offices, professionals	0.41%	0.48%	0.35%	0.38%	0.45%	1.38%	1.50%	1.32%	1.57%	1.61%
S21	Community & social services	1.22%	1.33%	1.04%	1.00%	1.08%	2.93%	3.13%	2.58%	2.58%	2.97%
S22	Restaurants, catering, dry cleaning	0.94%	1.05%	0.97%	1.07%	0.97%	2.33%	2.60%	2.64%	2.98%	3.25%
S23	Hotels, motels, taxis	1.36%	1.42%	1.22%	1.31%	1.27%	2.94%	3.28%	2.98%	3.28%	3.33%
S32	Personal, business & leisure services	2.00%	1.88%	1.92%	1.73%	1.77%	5.16%	5.00%	5.20%	5.07%	5.49%
S33	Caretaking, park authorities	1.13%	1.94%	1.29%	1.20%	1.48%	4.16%	4.73%	4.06%	4.32%	4.79%
S41	Engineering, testing & surveying	0.34%	0.51%	0.53%	0.43%	0.51%	1.26%	1.68%	1.68%	1.69%	1.73%
T42	Transportation, courier, commercial bus	3.67%	4.59%	4.34%	4.14%	4.56%	7.94%	10.31%	9.93%	9.05%	9.72%
T51	Operation of railways	1.50%	1.92%	1.93%	0.96%	1.49%	3.01%	4.08%	3.74%	2.83%	3.83%
T61	Commercial air transportation	1.13%	1.62%	1.76%	1.65%	1.52%	4.06%	4.37%	4.08%	4.14%	6.47%
U11	Telecommunications	1.41%	1.30%	0.91%	1.80%	1.14%	3.04%	3.14%	2.25%	3.49%	3.55%
U31	Electric systems	0.42%	0.53%	0.42%	0.80%	2.12%	3.65%	3.22%	2.70%	4.37%	4.66%

Injury rate equals the number of claims divided by the number of workers covered. Beginning in 2019, fatalities are included in injury rates.

Number of workers covered is calculated by dividing assessable payroll by the Statistics Canada average weekly wage for each rate code.

* Time Loss injury rate definition includes Time Loss + fatalities in 2019.

** All-class injury rates exclude self-insured claims and workers.

Injury Prevention Programs and Services

Time Loss injury rate* – 2019: 1.86 per 100 workers (2018: 1.99 per 100 workers)

Total injury rate – 2019: 4.95 per 100 workers (2018: 5.44 per 100 workers)

Total claims reported – 2019: 28,865 (2018: 29,140)

Total claims accepted – 2019: 21,473 (2018: 22,371)**

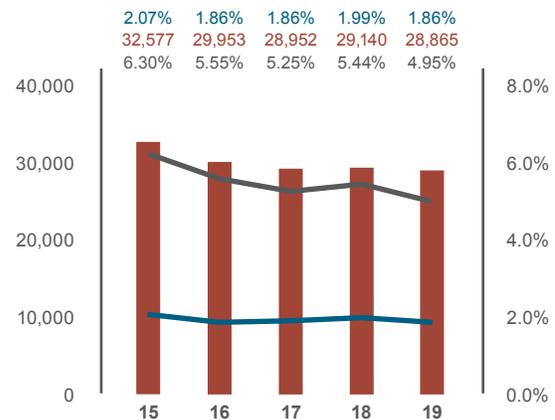
The WCB was founded to assist workers and employers in the case of a workplace injury. Our compensation system protects employers from lawsuits and provides benefits and support to injured workers. To that end, the WCB invests heavily in injury prevention, working toward our goal of Mission: Zero – zero injuries, zero fatalities and zero suffering.

In 2019, the WCB added fatalities to the Time Loss* and the Total injury rates. Thanks to the health and safety prevention efforts from our customers and partners, since 2008, the province of Saskatchewan has achieved significant reductions in the workplace Total injury rate, with a drop of 51.52 per cent from 2008 to 2019. In 2019, we saw reductions in the Total injury rate, as well as the Time Loss injury rate*.

The WCB covered 23,022 more workers in 2019, and accepted 898 fewer claims in 2019 at 21,473 claims**. Of those, 13,415 were No Time Loss claims and 8,036 were Time Loss claims, 115 fewer than in 2018. The number of claims accepted in 2019 is a four per cent decrease from 2018.

The 2019 Time Loss injury rate* was 1.86 per 100 workers, a decrease of 0.13 per 100 workers or 6.53 per cent, from 2018. Our WCB vision speaks to eliminating workplace injuries. This is why we also calculate a Total injury rate that includes accepted No Time Loss, as well as Time Loss and fatality claims. At Dec. 31, 2019, the Total injury rate was 4.95 per 100 workers, a 9.01 per cent decrease from 2018.

* Time Loss injury rate definition includes Time Loss + fatalities in 2019.
 **Claims accepted includes Time Loss, No Time Loss and current year fatality claims. Excludes claims for self-insured employers.



CLAIMS REPORTED AND INJURY RATES

- Claims reported
- Time Loss injury rate* (per 100 workers)
- Total injury rate (per 100 workers)

Fatalities and Serious Injuries

Fatalities and serious injuries continued to be priorities for the board in 2019. The WCB accepted 36 fatality claims in 2019 compared to 48 in 2018, a decrease of 25 per cent. These fatalities occurred in 40 per cent of rate codes.

In 2018, the WCB developed a serious injury definition and completed a preliminary analysis, which formed the basis for the focused areas as outlined in WorkSafe Saskatchewan's (the partnership between the WCB and the Ministry of Labour Relations and Workplace Safety) Fatalities and Serious Injuries strategy.

In 2019, WorkSafe continued work on the Fatalities and Serious Injuries strategy document. Although Time Loss* and Total injury rates have seen a slow and steady decline, there are consistently approximately 2,400 serious injuries annually that are accepted by the WCB. In 2018, there were 2,496 serious injuries accepted based on the definition. In 2018, 11 per cent of all injuries met the serious injury definition and these injuries accounted for approximately 78.5 per cent of claim costs.***

***For serious injuries, 2018 is the most recent data available.

WorkSafe conducted various meetings with external stakeholders, including labour and employer groups, to gain valuable input into the strategy. Once all meetings were conducted, the feedback received from those meetings was incorporated into the document and a public launch of the strategy took place on Dec. 2, 2019.

The Fatalities and Serious Injuries strategy was developed to prioritize and address the high-risk industries and occupations and the tasks within those industries that are resulting in these fatalities and serious injuries.

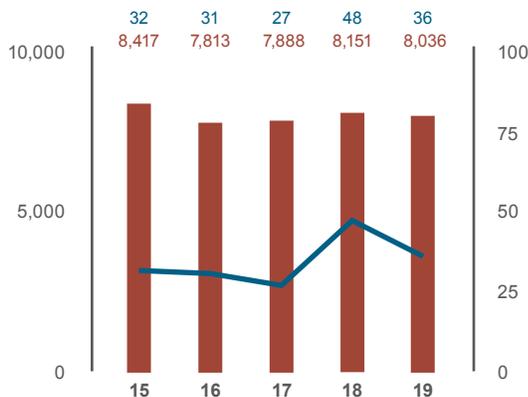
By using the new serious injury definition, WorkSafe determined what prevention initiatives to focus on going forward until the end of 2021.

The four focused priorities in relation to fatalities are:

- asbestos exposures
- work-related motor vehicle crashes (MVC)
- firefighter cancer exposures
- falls from heights (construction industry)

The five focused priorities in relation to serious injuries are:

- health care
- transportation

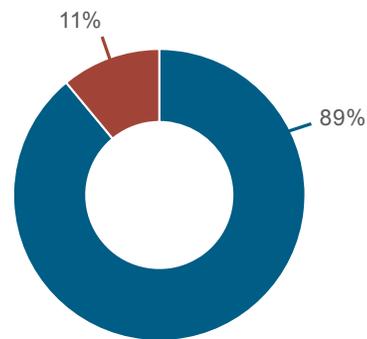


TIME LOSS CLAIMS AND FATALITIES

- Time Loss claims
- Fatalities

- first responders (psychological injuries)
- manufacturing (specifically hand injuries)
- construction industry (falls from heights)

More details and ongoing reporting of the results regarding the strategy can be found on the WorkSafe website at www.worksafesask.ca/prevention/serious-injuries-and-fatalities.



SERIOUS INJURIES 2018***

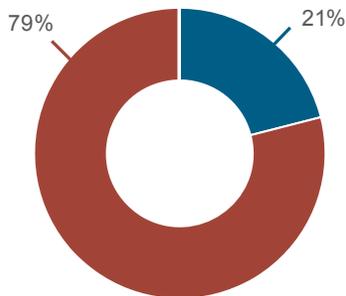
- 89% Other injuries
- 11% Serious injuries

Priority Employers' Injury Rates

WorkSafe identifies employers based on Total injury numbers to determine those who most require the support of the Priority Employers Program. Priority employers receive assistance from the Occupational Health and Safety (OHS) division, the WCB and their funded safety associations to assess their safety systems, receive training and improve their injury rates.

The number of employers currently involved in this program, excluding health care firms, is 170. These 170 employers accounted for 4,157 claims in 2019, which is 19 per cent of all claims accepted in 2019. The 2019 priority firm injury rate was 5.26 per cent, a 7.72 per cent reduction from the 2018 priority firm injury rate of 5.70 per cent. Our target was a 15 per cent reduction in the priority firm injury rate. In 2019, 50 per cent of priority employers met that target.

***For serious injuries, 2018 is the most recent data available.



COMPENSATION DAYS 2018

21% Other injuries
79% Serious injuries

Psychological Injuries

Over the past five years, the WCB has seen an increase in the number of psychological injury claims accepted. From 2015 to 2019, the WCB has accepted 952 psychological injury claims. The number of accepted psychological injury claims has increased each year, from 98 in 2015 to 307 in 2019.

WorkSafe collaborated with the Canadian Centre for Occupational Health and Safety to co-brand and offer psychological health awareness online courses free of charge. In addition, the partnership with the University of Fredericton saw three new course offerings (workplace resiliency, manager/supervisor certificate and advanced certificate) available at a deeply discounted rate for the province.

A working group and partnership was developed with WorkSafe, the Saskatchewan First Responders’ Mental Health Committee and its first responder partners. The working group’s initial focus was to develop resources accessible on a website for Saskatchewan first responders, which was launched in July 2019. The group utilized multiple partnerships and supports to design co-branded resources and provide content for the website. These resources help to give a better understanding of psychological health in the context of the experiences and pressures of first responders, as well as the broader population.

WorkSafe held a second psychological health and safety event in December 2019, featuring psychological health experts from industry and academia, to discuss psychological health and safety in the workplace. In total, 280 people attended this event.

Violence Injuries

Workplace injuries caused by violence are increasing in Saskatchewan, from 3.0 per cent of total claims in 2013 to 5.4 per cent of total claims in 2019. There were 1,169 injuries in 2019 from assaults and violent acts. This is a 5.4 per cent increase from 2018, when there were 1,109 violence-related injuries amounting to 5.0 per cent of all accepted injuries. The risk of violence is a concern to employers and workers in various industries.

In 2019, WorkSafe partnered with the Saskatchewan Association for Safe Workplaces in Health (SASWH) to develop a provincial violence framework strategy. This workplace violence prevention program fits effectively into the safety management system and will be used to engage other at-risk industries with the objective to customize the violence prevention tools to those industries.

WorkSafe continued to partner with SASWH to improve health and safety in the education sector, with a focus on the top three hazards that occur in the industry in order to develop countermeasures to reduce the risk of those hazards. Violence is an issue in the education sector as well as in the health-care industry.

Health Care

In 2019, the total number of injuries in health care decreased by 0.7 per cent (from 3,949 in 2018 to 3,920 in 2019). The WCB’s prevention department successfully established foundational elements in the health care sector, including developing strong working relationships with the Saskatchewan Health Authority (SHA), collaborating on the SHA’s health

and safety initiatives, training SHA employees in root cause investigation techniques and developing WCB processes to review serious injuries in health care.

Youth Injuries

Each year, approximately 3,500 youth under the age of 25 are injured on the job and an average of three will die from a workplace incident. There were 3,360 youth injuries in 2019. This is a 1.78 per cent decrease from the 3,421 youth injuries in 2018. The 2019 youth injuries represent 15.9 per cent of all injuries accepted by the WCB. There was one youth fatality in 2019, a decrease of three from 2018.

WorkSafe reaches youth, their teachers and their employers through face-to-face meetings, presentations, events, the annual youth video contest and training resources.

WorkSafe brought in an injured worker and motivational speaker to talk about safety to more than 4,500 high school students in 16 different cities around Saskatchewan as part of the Work2Live tour. An additional 48 presentations were conducted around the province, resulting in another 6,805 youth hearing about safety. Emphasis at these presentations is on making sure that young workers are aware of their three rights and what each of those three rights means to them when they enter a workplace.

WorkSafe also invested in providing safety training to youth by continuing to support the Career Safety Education Program at the Saskatchewan Safety Council and the Ready for Work Program at the Saskatchewan Federation of Labour.

WorkSafe partnered with the Saskatchewan Federation of Labour on an initiative to translate resources into one or more different languages for workers with English as a second language. The “Work Your Rights” website was completed and is currently offered in more than one language.

You have the right to:

- 1 KNOW** the hazards at work & how to protect yourself.
- 2 PARTICIPATE** in health & safety activities at your work.
- 3 REFUSE** work which you believe is unusually dangerous.

To report dangerous work in progress, call Occupational Health & Safety at **1.800.567.7233**

QUESTIONS about work fairness, work hours, breaks or pay? Call Employment Standards **1.800.667.1783**

www.saskatchewan.ca/business/employment-standards



WorkSafeTM
SASKATCHEWAN

Work to live.

Fatalities & Serious Injuries STRATEGY

WorkSafe Saskatchewan, the partnership between the WCB and the Ministry of Labour Relations and Workplace Safety, has challenged its traditional approach to fatalities and serious injuries. In 2019, WorkSafe unveiled a three-year strategy reflecting the complexity of issues required to address serious injuries and fatalities in our province. From 2010 to 2018, the WCB accepted 354 fatalities for Saskatchewan workers who died while on, or as a result of, their job.

Analysis of the WCB's fatality data led to four focused priorities:

- asbestos exposure
- work-related motor vehicle crashes (MVC)
- firefighter cancer exposure
- falls from heights



#1 cause

of acute-related fatalities is motor vehicle crashes.



66%

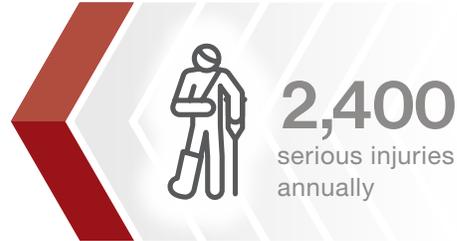
of occupational disease fatalities between 2010 & 2018 were asbestos-related.



From 2010 to 2018, health care and transportation were the top two industries with serious injuries and accounted for 28 per cent of all serious injuries in the province.



Based on a new WCB internal definition of a serious injury, data indicates that from 2010 to 2018, 22,594 workers suffered a serious injury, which often resulted in life-altering implications for the individual and their family. Closer analysis of this data indicates that there are approximately 2,400 serious injuries annually and this key indicator has not been decreasing.



23%

of occupational disease fatalities between 2010 & 2018 were firefighter cancers.



5th

leading cause of workplace fatalities in 2018 was from falling from heights.



The Fatalities & Serious Injuries strategy will review what we've done, where we are and determine a new course to continue the drive to Mission: Zero.

The three-year strategy will reflect the complexity of these issues. It has been developed to prioritize and address the high-risk industries and the tasks within the industries that are resulting in these fatalities and serious injuries.



Hands are the most injured body part, accounting for approximately 20 per cent of all claims accepted.

Back, leg, shoulder and arm injuries represent more than 60 per cent of all serious injuries.



15.51%

Year-end six-month
persistence metric



70% within

135 days

Time period from notification of
injury to identification of the need
for additional services*

*Additional services may include physiotherapy,
chiropractic, medical and vocational support.

41.52 days

Average duration of
Time Loss claims





Quality & Timeliness Highlights

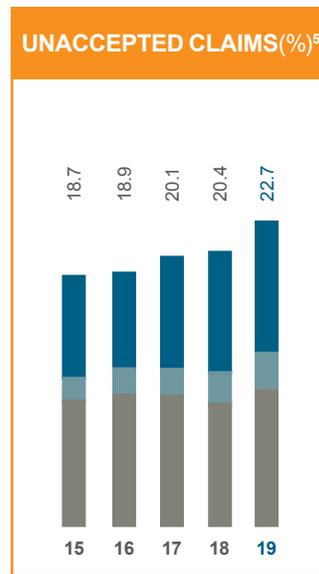
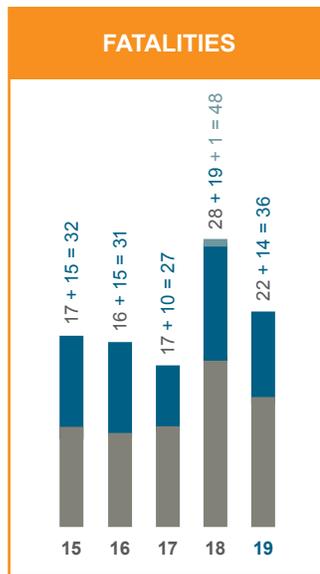
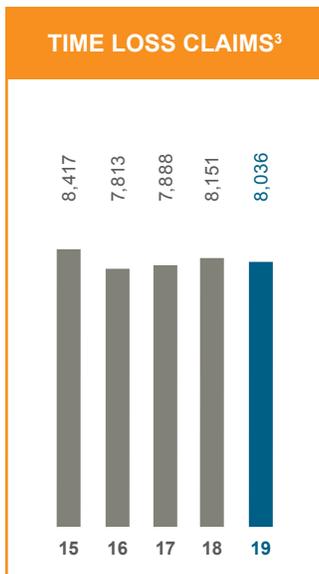
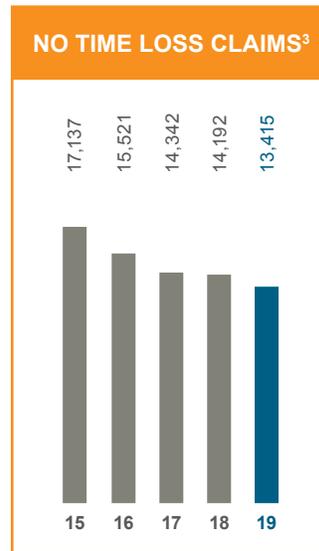
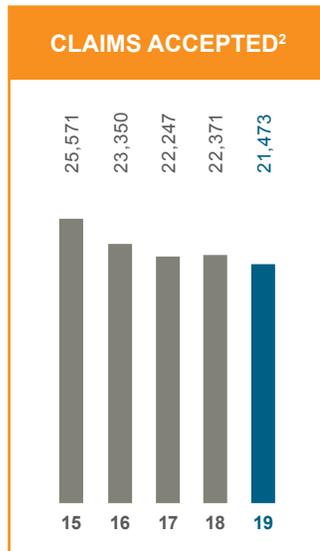
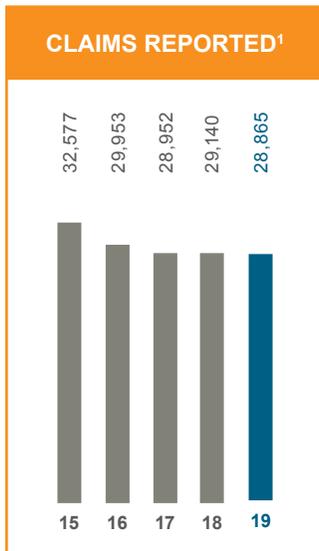
Workers' compensation protects both employers and workers from the results of workplace injuries. Employers are protected against lawsuits and injured workers receive benefits. As stewards of the compensation system, workers and employers of Saskatchewan rely on us to deliver excellent service to them at the right time and when they need it. Maintaining stability of the system while not compromising the service injured workers deserve and the reliability employers expect is a constant balance. We seek perfection in the work we do on behalf of the customer groups that we serve. We seek to find ways to improve the work we do for them by incorporating customer-driven, innovative ideas every day. Ensuring the quality of the service we deliver and delivering it in a timely fashion was a key focus at every level of our organization in 2019. The objectives we set for ourselves reflects our focus on timeliness of service and the quality of our work.

Objectives:

- By Dec. 31, 2019, we would request 70 per cent of multi-disciplinary assessments within 90 days of an injury.
- By Dec. 31, 2019, we would be returning 89 per cent of injured workers to function* within six months, as indicated by our persistency metric.

*Injured worker no longer requires wage-loss benefits.

Claim Summary



- In year³
- Prior to year⁴
- Self-insured
- No response
- No coverage
- Not work-related

1 New claims reported to the WCB in the current year, both accepted and unaccepted. Includes claims for self-insured employers. Additional claims reported information can be found on the WCB's website, www.wcbsask.com.

2 Includes Time Loss, No Time Loss and current year fatality claims. Excludes claims for self-insured employers.

3 Based on new claims reported to, and accepted by, the WCB in the year. Excludes claims for self-insured employers, and claims not covered under the Act, not work-related, still pending and/or those duplicated within the system.

4 Based on claims reported prior to the year, but accepted by the WCB in the year. Excludes claims not covered under the Act, not work-related, still pending, and/or duplicated within the system.

5 Reported as a percentage of the total entitlement decisions for claims reported for the year. Entitlement decisions status is at Feb. 1, 2020 for 2019 claims reported. Claims are not accepted when the industry is not covered by the Act, a claim is not work-related or no further information is received following the initial report of the injury.

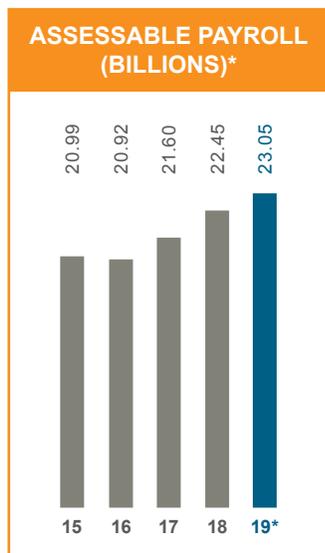
Claim Durations

RATE CODE	DESCRIPTION	AVERAGE DURATION IN DAYS				
		2019	2018	2017	2016	2015
All-class*		41.52	41.89	40.16	43.07	38.92
A11	Light agricultural operations	42.37	51.33	41.34	43.60	43.24
A21	Farming & ranching	51.56	63.64	61.07	79.28	80.20
A31	Grain elevators & inland terminals	57.00	55.46	39.67	53.65	28.74
B11	Construction trades	53.05	51.85	48.98	42.76	42.06
B12	Residential construction	71.49	65.35	69.85	70.04	61.90
B13	Commercial, industrial construction	73.72	63.90	66.03	66.93	62.82
C12	Light commodity marketing	28.62	26.67	25.75	30.43	30.46
C32	Grocery, department stores, hardware	35.32	32.26	29.23	30.92	33.14
C33	Wholesale, chain stores	26.39	32.59	34.77	34.88	28.54
C41	Co-operative associations	26.34	24.45	32.84	23.17	31.86
C51	Lumber yard, builders' supplies	46.03	38.24	29.69	26.47	32.68
C61	Automotive, implement sales & service	35.71	30.92	30.62	33.94	33.07
C62	Automotive service shops, towing	37.47	55.30	51.70	48.94	39.84
D32	Operation of oilwells	83.96	48.00	48.95	50.90	36.90
D41	Oilwell servicing	86.55	64.17	72.36	103.48	79.48
D51	Service rigs, water well drilling	108.97	51.13	64.32	90.63	61.07
D52	Seismic drilling	100.92	83.27	75.97	56.26	107.28
D71	Open-pit mining	34.29	29.73	44.75	31.73	71.82
D72	Underground softrock mining	48.00	42.28	46.91	57.58	45.82
D73	Underground hardrock mining	44.37	60.86	70.67	92.32	76.21
G11	Post-secondary education	18.34	18.33	23.44	16.34	24.83
G12	Elementary & secondary education	33.03	34.49	30.08	34.13	38.22
G22	Health authority, hospitals, care homes	30.17	33.48	32.43	34.42	28.44
G31	Cities, towns, villages, RMs	30.70	30.91	27.02	33.03	29.24
G51	Government of Saskatchewan & ministries	51.07	54.38	42.37	45.43	42.64
M31	Manufacturing, pipeline operations	35.19	35.83	35.48	46.64	38.33
M33	Refineries and upgrader	31.18	39.65	28.27	31.76	47.04
M41	Dairy products, soft drinks	18.05	24.70	34.32	10.04	24.02
M42	Bakeries, food prep & packaging	40.61	40.41	30.35	30.59	35.30
M62	Mills, semi-medium manufacturing	40.79	39.65	33.75	33.40	30.05
M72	Processing meat, poultry & fish	37.60	42.78	30.16	56.09	22.15
M81	Metal foundries & mills	40.61	37.62	51.38	49.95	35.03
M91	Agricultural equipment	29.51	32.14	43.93	28.41	22.72
M92	Machine shops, manufacturing	46.33	46.66	35.44	51.75	37.14
M94	Iron & steel fabrication	17.67	46.95	57.29	54.52	63.58
R11	Road construction & earthwork	78.90	75.78	68.67	84.71	68.04
S11	Legal offices, financial, drafting	36.18	28.09	17.79	22.52	17.35
S12	Offices, professionals	39.47	42.34	35.49	32.28	28.88
S21	Community & social services	29.82	30.99	25.11	31.22	24.05
S22	Restaurants, catering, dry cleaning	29.18	28.74	33.18	27.03	25.74
S23	Hotels, motels, taxis	42.28	33.83	32.19	42.51	38.88
S32	Personal, business & leisure services	35.17	47.80	33.35	43.60	46.81
S33	Caretaking, park authorities	65.49	47.86	46.03	53.52	46.60
S41	Engineering, testing & surveying	66.30	52.44	34.94	64.07	42.44
T42	Transportation, courier, commercial bus	69.40	64.04	62.93	68.52	55.19
T51	Operation of railways	51.64	44.57	38.77	58.66	49.09
T61	Commercial air transportation	55.55	50.53	28.18	28.27	23.66
U11	Telecommunications	40.48	30.26	21.00	18.97	21.44
U31	Electric systems	27.38	18.21	20.58	18.29	16.60

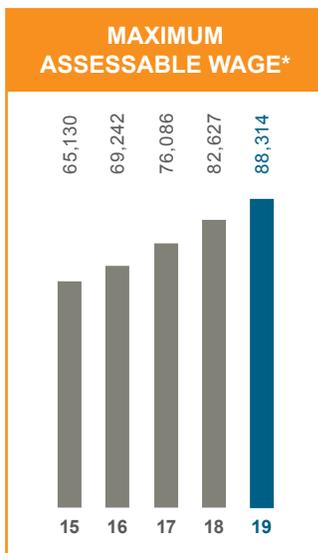
Average duration in days equals total days lost divided by claims with time lost.

* All-class duration excludes self-insured claims.

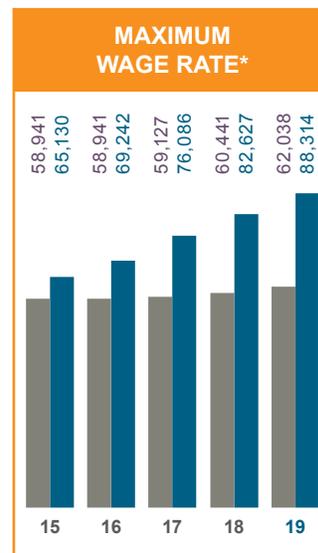
Payroll & Premium Summary



* Payroll provisional as at Dec. 31, 2019. Previous year's figure has been updated to reflect actual assessment payroll.



* Maximum wage per person reported annually by employers.



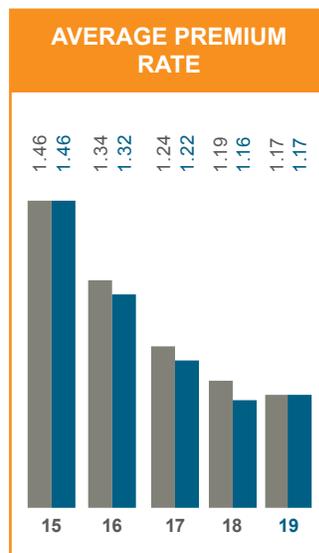
■ Claims registered prior to Jan. 1, 2014

■ Claims registered on or after Jan. 1, 2014

* Maximum wage rate for injured workers. In accordance with Section 37 of the Act, there are different maximums for claims registered before and after Jan. 1, 2014.



* Active employers excludes employers whose assessment accounts were finalized during the year.



■ Average Provisional Premium Rate*

■ Average Actual Premium Rate**

* Average board-approved premium rates are based on anticipated reported payroll at the beginning of the fiscal year.

** This rate consists of the base rate net of experience rating. The 2019 rate is the board-approved rate at time of publication. The 2018 rate is restated to reflect actual 2018 experience rating.

Compensation Programs and Services

Adjudication decisions made within targeted time frame – 2019: 76 per cent (2018: 74 per cent)

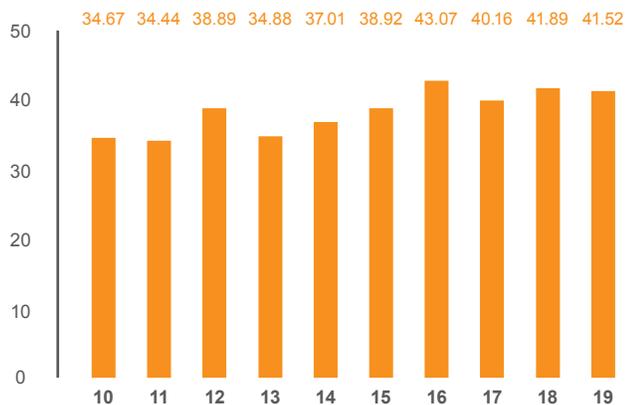
Average duration – 2019: 41.52 days (2018: 41.89 days)

Time period from notification of injury to identification of the need for additional services – 2019: 70 per cent within 135 days (2018: 70 per cent within 139 days)

Year-end six-month persistency metric – 2019: 15.51 per cent (2018 restated: 11.89 per cent)

Claim Durations

Claim durations — the average amount of time missed because of a work injury — were level throughout most of the year. The average duration of claims in 2019 was 41.52 days, down slightly from 41.89 days in 2018. This was a smaller improvement than we had targeted (39 days) for 2019.



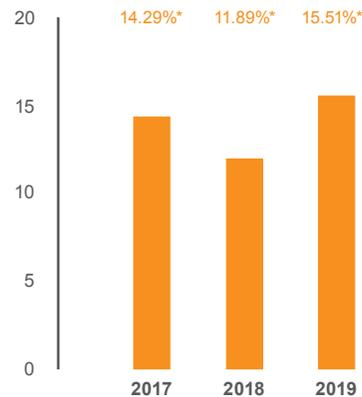
AVERAGE CLAIM DURATIONS

■ Duration in days

Persistency

Persistency, similar to durations, measures how long workers continue to be reliant on wage-loss benefits. It provides more of a “snapshot in time” of the percentage of workers returning to function within a certain period. We use this metric to supplement our duration metric (average days outstanding per Time Loss claim). Each month we track how many claims from a particular time period are “persisting” (still requiring wage-loss benefits as they have not completely recovered and returned to work).

In 2019, claims persisting beyond six months increased. Our target was for them to decrease by 10 per cent, but our actual results indicate a 3.62 per cent increase (15.51 per cent for the year – up from 11.89 per cent in 2018).



PERSISTENCY METRIC

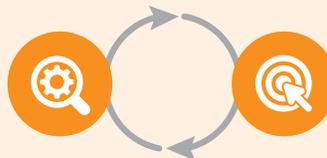
*The method used to calculate persistency was changed in 2019. Prior years have been restated.

2019 Continuous Process Improvement Efforts

Operations – Initial Customer Contact

Challenge

Customer satisfaction results related to initial time to communicate were low because of staff having high caseloads, conflicting priorities, inattention and being too task driven.

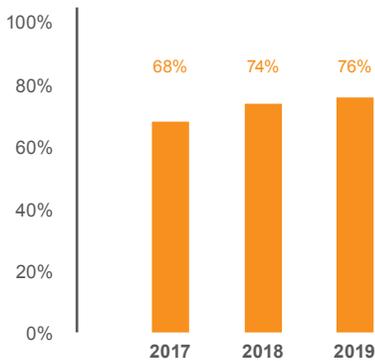


Improvement

Incorporating a standard process to track early initial customer contact within five days of filing resulted in customers knowing their key contact, which created increased engagement sooner in recovery and return to work.

Adjudication

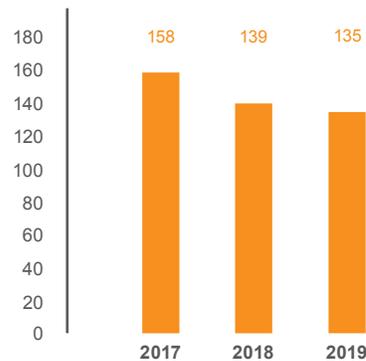
In 2019, we continued to focus on improving the timeliness of our adjudication process, which improved slightly over 2018 levels, as measured by the percentage adjudicated within the target time frame. A total of 76.3 per cent of adjudication decisions were made within our targeted time frames in 2019 compared to 74 per cent in 2018.



ADJUDICATION DECISIONS MADE WITHIN TARGETED TIME FRAME

Identification of Claims Requiring Additional Services

In 2019, we identified 70 per cent of claims that required additional services within 135 days. This was a slight improvement from 2018 (three per cent), however we did not significantly advance toward our target of identifying 70 per cent of claims that required additional services within 90 days.



TIME PERIOD FROM NOTIFICATION OF INJURY TO IDENTIFICATION OF THE NEED FOR ADDITIONAL SERVICES

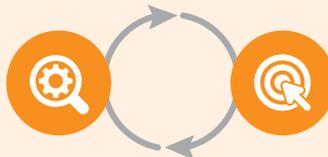
■ Number of days within which 70 per cent of claims identify need for additional services

2019 Continuous Process Improvement Efforts

Operations – Claims Handling

Challenge

Customer satisfaction results related to our customer communication were low because of staff having high caseloads, conflicting priorities, inattention and being too task driven.



Improvement

By incorporating a standardized method of tracking customer contacts and setting a minimum contact requirement for staff, feedback now suggests customers feel better informed thanks to this more proactive interaction.

Our claims metrics in 2019 indicate there were mixed results with some improvements and some declines. We're continuing to experiment to adjust our claims processes to better fit the changes in claim types that we are receiving, however we recognize that we need to take more aggressive steps in order to make significant gains.

In late 2019, the WCB began piloting a psychological injuries unit that is the first point of contact for workers with psychological injuries. This team adjudicates and manages all new primary psychological injuries. The objectives of this specialized unit are to reduce:

- durations
- wait time for treatment
- time to start graduated return-to-work plans
- number of case transfers during adjudication and claims management

This pilot will continue into 2020.

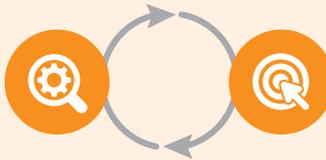
In 2020, we are also planning an end-to-end analysis of our claims processes to identify opportunities for more significant, sustainable improvements in timeliness and quality.

2019 Continuous Process Improvement Efforts

Operations – Customer Translation Services

Challenge

Customers requiring translation services were not being identified early enough in the claims process, causing delays.



Improvement

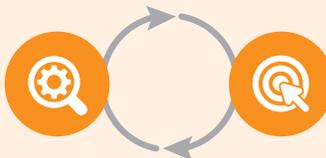
By modifying the Worker's Initial Report of Injury (W1) form to include an identifier at the start of the claims process to indicate if customers required a translator and language of choice, customers requiring translation services are now identified early in the claim process. This allows for appropriate translation services at the earliest opportunity.

2019 Continuous Process Improvement Efforts

Operations – Customer Request for Information

Challenge

Customers were receiving their entire claim file from the WCB when they only wanted specific documents, but they had no way to let us know.



Improvement

Improvements to WCB forms now include an identifier so customers can request an entire copy or specific documents. This has reduced waste and cost to the system and has increased quality and timeliness so customers receive only what they request.

Employer Services

In 2019, employer services' quality and timeliness highlights include:

- 9,277 registration inquiries — 62 per cent were within five days, with an average time to process of 10.2 days.
- 744 employer audits, representing \$2.89 billion in assessable payroll.
- An increase in online Employer Payroll Statement submissions, with 83 per cent submitted online in 2019, compared to 81 per cent in 2018.
- Collected \$12.58 million in premiums from accounts in arrears.
- More than 73,500 calls handled.

Several improvements were made in the employer services department in 2019 to provide a better customer experience, including:

- Improved classification change request forms, allowing customers to submit their requests more efficiently.
- Statement of Accounts available online for firms to manage their accounts in a more timely way and receive notifications immediately.

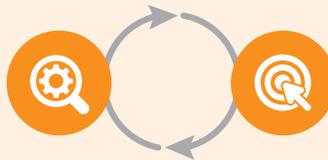
Employer Resource Centre

The WCB's Employer Resource Centre was launched on Sept. 3, 2019. The Employer Resource Centre was created to address gaps identified by our customers in employer supports and to better facilitate an employer's ability to navigate through the workers' compensation system. The resource centre helps customers with questions regarding registering a business, filling out claim forms, return-to-work questions, health and safety, and the appeal process.

2019 Continuous Process Improvement Efforts Employer Services – Classification Change Request

Challenge

The classification change request process for employers was causing rework, delays and quality issues for customers and frustration for staff.



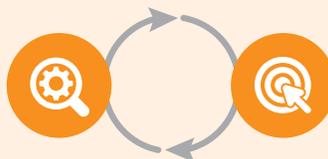
Improvement

The introduction of an education form helps customers understand the classification system and guides them on how to submit information. This allows customers to interact more easily and efficiently.

2019 Continuous Process Improvement Efforts Operations – Registry and Statistical Coding

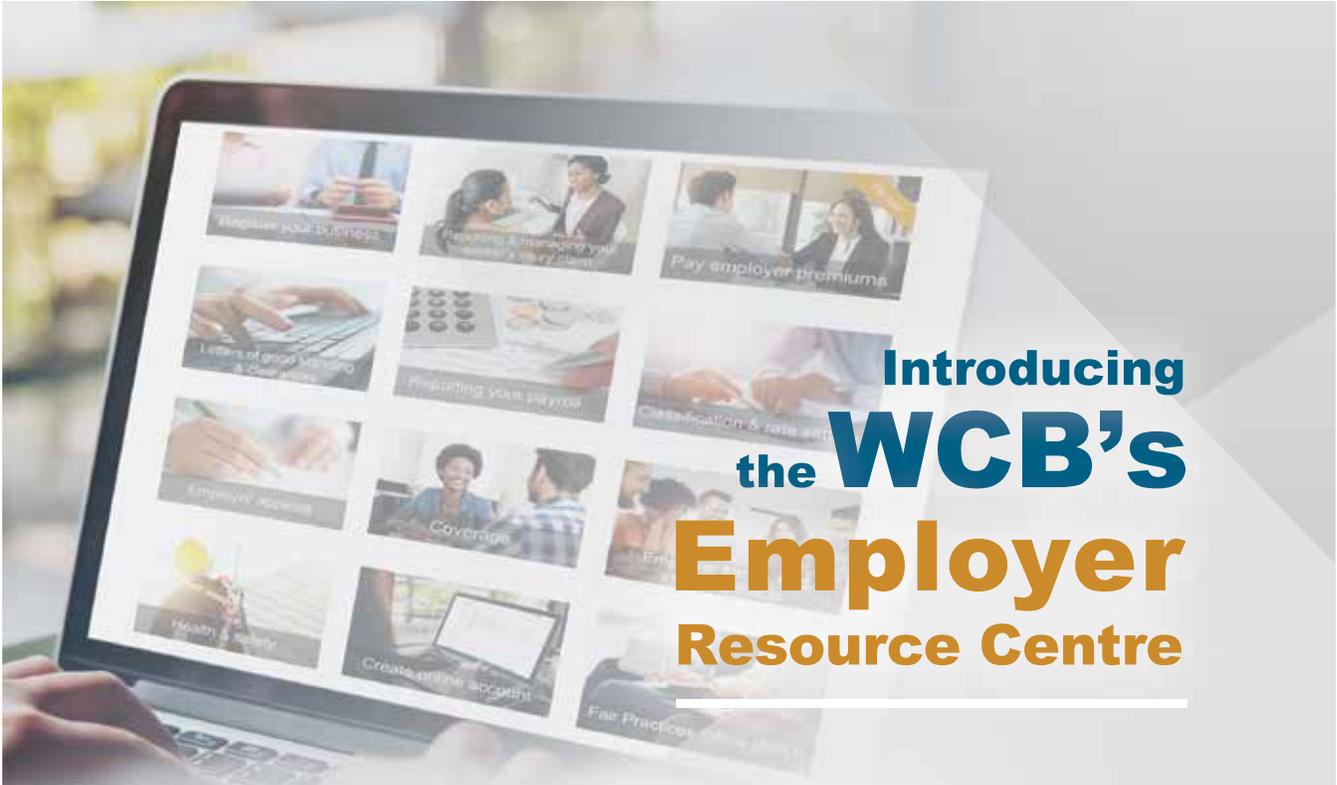
Challenge

Statistical coding was not being completed consistently, accurately or within required timelines. This resulted in inaccurate data being sent to employers.



Improvement

By ensuring appropriate assignments, creating consistency and allowing staff to focus on claim registry and document processing, statistics are now coded within three weeks of claim set up. This has increased the quality and timeliness of information provided to employers and reduced WCB employee overtime costs.



Introducing the **WCB's** **Employer Resource Centre**

Resources available to employers through the **Employer Resource Centre:**

- ✓ Register your business
- ✓ Reporting & managing your worker's injury claim
- ✓ Health & safety
- ✓ Pay employer premiums
- ✓ Reporting your payroll
- ✓ Create online account
- ✓ Coverage
- ✓ Employer appeals
- ✓ Employer forms, fact sheets & FAQs
- ✓ Letters of good standing & clearances
- ✓ Classification & rate setting
- ✓ Fair Practices Office (FPO)



Contact the Employer Resource Centre:

For general inquiries:

1-833-961-0042

or email ERC@wcbask.com

For inquiries on your employer account or worker's injury claim:

1-800-667-7590

or email AskWCB@wcbask.com

www.wcbask.com/employers

**Employer
Resource Centre**

wcb | Saskatchewan
Workers' Compensation
Board



6.0
out of 10
Staff engagement
monthly survey score


57%
Reduction in WCB
employee claims accepted
over 2018

60%
Frontline staff
completed continuous
improvement training



People Highlights

Our people expect leadership to provide a healthy and engaging environment. Healthy and engaged staff are better positioned to serve our customers. We relentlessly pursue safety, ensuring all employees have the healthy and safe workplace they deserve. We will develop a culture that engages all staff in solving problems. We know that we will not achieve our vision to eliminate injuries and restore abilities of our customers unless we can create an environment that focuses staff's energy, knowledge and creativity.

Objectives:

Safety

- By Dec. 31, 2019, we would reduce the number of threat-related incidents by 50 per cent over our 2015-2018 average.
- By Dec. 31, 2019, there would be zero staff psychological health injuries.

People

- By Dec. 31, 2019, our daily management system would be implemented in 60 per cent of the organization.
- By Dec. 31, 2019, we would have completed at least three improvement events within our claims value stream.
- By Dec. 31, 2019, 50 per cent of all teams would have implemented metrics related to our True North objectives.

The WCB knows that the work and effort of all employees is critical to the experience of our customers, partners and stakeholders.

Our work in 2019 reflected our desire to have a positive impact on the experience of our customers by ensuring our people at the WCB were enabled to manage and improve their work processes in a rich, rewarding and engaging work environment.

Engaged Workforce

We conduct larger bi-annual employee engagement surveys at the WCB in addition to a monthly single-question pulse survey.

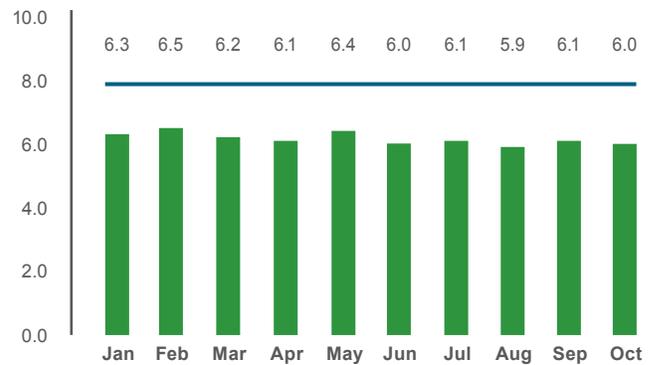
This approach ran throughout 2019 and culminated in collective and focused efforts across all teams and at the corporate level, as it is related to employee engagement.

At the end of 2019, our single question survey average engagement score was 6.0/10. Our larger surveys provided more insight into the drivers of engagement.

We responded to the top areas of opportunity in a number of ways, including:

- Greater visibility and interaction with the executive team for staff.
- Over 50 per cent of teams are discussing key metrics related to True North.

- Organizational restructuring to allow for greater day-to-day support for frontline managers and teams.
- Human resources tracking and supporting the communication and action planning around engagement feedback at the team level.
- Pilot program related to manager-to-employee feedback and coaching.
- Focus groups and other meetings between the executive team and staff to discuss their perspectives around the employee experience at the WCB.



CORPORATE ENGAGEMENT INDICATOR MONTHLY SINGLE QUESTION
■ Average engagement score
— Target

Employee engagement survey results: The top areas of strength that received favourable responses (percentage of employees agreeing or strongly agreeing with the question) in the surveys included:

WCB employee feedback	April 2019	October 2019
Customer focus	68%	66%
Co-operation within teams	65%	66%
Supervisor communication	63%	64%
Learning & development	62%	61%

Employee engagement survey results: The top areas of opportunity identified in the surveys in 2019 included:

WCB employee feedback	April 2019	October 2019
Executive leadership	34%	29%
Engagement follow up (team level)	26%	32%
Engagement follow up (corporate level)	23%	24%
Collaboration across teams	18%	20%

While our overall engagement performance remained relatively flat in 2019, analysis of the comments provided to management suggested this was in large part due to the absence of a collective agreement. This was resolved in December 2019.

Executive Transition

As a result of feedback received throughout the year, the executive team focused efforts in the latter half of the year on managing the transition to a new CEO after the retirement of the previous CEO. There was additional turnover and, subsequently, recruitment at the executive level. This resulted in some restructuring of assignments.

The executive team spent a significant amount of time during the year articulating a new vision for the future, including a revised approach to strategy definition and deployment, which required the investment of a significant amount of time at all levels of the organization. This included developing processes for more intentional selection of projects and other initiatives that would allow us to focus on and finish the work that will drive value to our customers.

Voice of the Customer (VoC)

Work continued in 2019 on establishing a revised approach for receiving and acting upon feedback received from our customers.

As part of the changes to the leadership of the organization, the new CEO immediately reached out to, and engaged with, a number of employer and labour representatives and groups, including the Saskatchewan Federation of Labour.

The purpose was to gather insights into their experiences with the WCB to understand what they felt were areas of priority or concern. This feedback was incorporated into our strategy planning for the latter half of 2019 and into 2020 and beyond.

In addition, we advanced a number of internal and external initiatives to complement our existing survey approach, including a more insight-driven method to communicating our survey results to our internal stakeholders.

We also completed focus groups with employers related to our Employer’s Payroll Statements (EPS) process and have aligned a voice of the customer process to identify pain points in the existing process. The voice of the customer process will start in the 2020 EPS season. We will use this feedback to drive improvements to the experience of employers.

Significant foundational work also commenced in 2019 to ensure we are improving our system for gathering and acting on customer feedback. We realigned existing resources to fill a new position with a sole focus on refreshing the voice of the customer system.

This has culminated in two streams of work. The first is focused on establishing our WCB brand promise, against which our performance can be measured. The second focuses on rebuilding our voice of the customer surveying process. These will commence in 2020.

Employee Safety

Having a safe, healthy and engaged workforce was a key strategic objective for the WCB in 2019 and will remain so into the future.

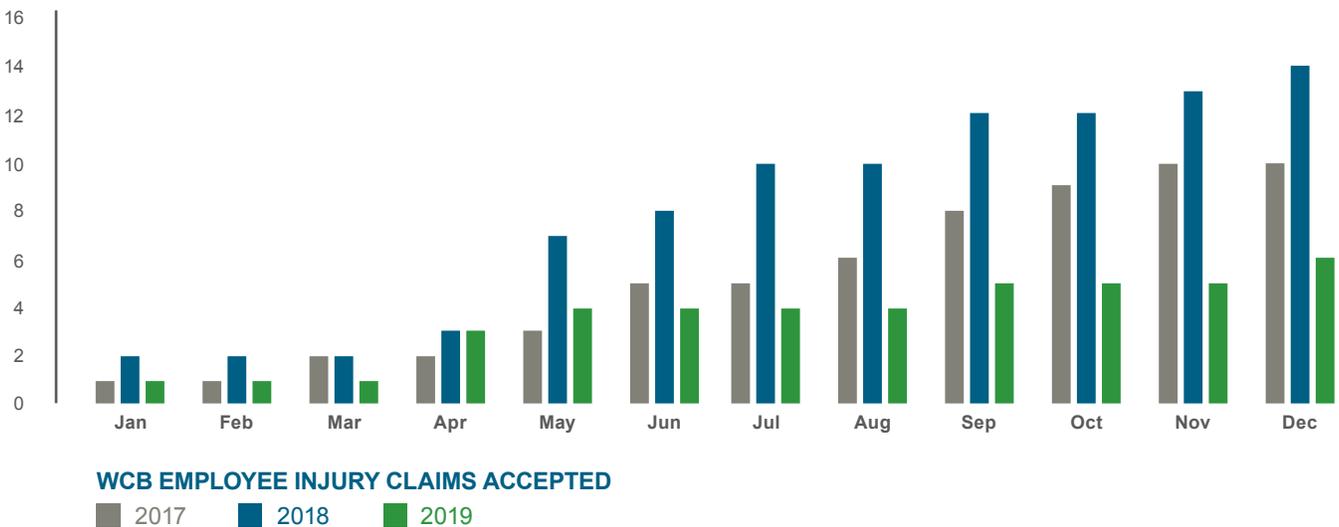
Through investments in resources and further development of our safety management system, our safety performance improved in 2019, as we saw our internal injury rate drop significantly from 2018 and 2017. Analysis of all current and historical claims identified that ergonomic injuries and incidents remain prevalent across our system. Work began in late 2019 to address ergonomic issues within the WCB. Rollout of this strategy will continue in 2020.

In 2019, the WCB also focused on preventing injuries related to the psychological health and safety of our staff. This resulted in the development of a multi-year strategy, informed by broad representation of staff, related to building awareness of psychological health best practices at all levels of the organization.

We also equipped leaders and staff with required tools and techniques to recognize and respond to psychological wellbeing issues. Another strategy initiated in 2019 focused on the reduction of threats to staff. This included identifying proactive measures that staff could use to de-escalate certain interactions. Further additions and rollout of this strategy are planned for 2020.

Continuous Process Improvement

In 2019, we carried forward the work to improve our approach to continuous improvement that started in 2018. Some highlights included the further installation of a system for daily management across the business, the development of a current state value stream map for our claims areas and our first cross-functional process improvement event. We believe these initial steps have already resulted in some meaningful changes for the benefit of our customers and that the steps taken will provide a more solid foundation for greater and sustainable improvements in the future.



*Monthly counts are cumulative through the year.

Daily Management System

The daily management system refers to the common set of tools and processes across all areas of the business that allow managers and teams to:

- Plan and manage the day-to-day work effectively at the team level.
- Standardize critical customer-facing processes.
- Use standardization to identify small, medium and large problems within our processes.
- Ensure we take the most appropriate approach to solving those different sizes of problems.

At the end of 2019, the daily management system had been implemented in more than 60 per cent of the business (as measured by FTEs), with all of these units having implemented metrics related to our True North objectives.

The remainder of the organization will have implemented their own daily management system by the middle of 2021.

Corporate Training

In addition to the above, the WCB also developed and implemented continuous improvement training curricula for all levels of the organization. In 2019, training was delivered to more than 60 per cent of our frontline staff to support their knowledge of key concepts and further embed the management system within their work areas. Training was also delivered to a number of improvement specialists and senior leaders to further their knowledge and practical application of key concepts and approaches to process improvement.

Improvement Initiatives

In addition to the improvements listed elsewhere in this report, in 2019 the Business Transformation Office (BTO) facilitated a value stream mapping session. Different departments from across our claims processes came together to map the complete journey of the injured worker. Our plan is to use this map to identify how we improve our service to injured workers.

Following this, the business selected an opportunity within the value stream map and used this to scope our first improvement event. Later in 2019, we brought frontline staff and leaders together from a number of departments to focus on our processes for reducing the length of time to receive medical report information.

This event resulted in additional projects, which have helped improve related processes. These included:

- Improving forms for collecting required information.
- Developing standard protocol for requesting information when it is missing.
- Providing a better focus at initial intake to ensure better quality information is obtained before moving a claim along for adjudication.



115.1%

Funded
percentage



\$2,653

Administrative costs
per \$1 million of assessable payroll





Financial Highlights

Customers expect us to deliver value through our services and programs at a fair and reasonable cost and to meet all of our obligations now and in the future. We measure this value through the administrative costs incurred per \$1 million of assessable payroll, as well as through our funded position.

Objectives:

- By Dec. 31, 2019, the WCB would reduce administrative costs incurred per \$1 million of assessable payroll to be less than \$2,500.
- By Dec. 31, 2019, the WCB would have a funded position between 105 per cent and 120 per cent.

Our funding policy sets the parameters for the Injury Fund and each of our reserves. The targeted range for the Injury Fund is five per cent to 20 per cent of the total of benefit liabilities and the annuity fund payable, resulting in a targeted funding percentage of 105 per cent to 120 per cent. For 2019, our funding percentage was 115.1 per cent, within the targeted range.

Saskatchewan's economy remained stable in 2019. Global markets continued to experience volatility during the year, especially in the first quarter of 2019 as the markets recovered from the drop in the last quarter of 2018. The WCB recorded an investment income of \$277.1 million in 2019, compared to an investment loss of \$41.6 million in 2018.

In 2019, the WCB reported an underwriting loss of \$93.1 million. This compares to an underwriting loss in 2018 of \$98.6 million. The underwriting loss, combined with an investment income of \$277.1 million, annuity fund interest expense of \$15.1 million and accumulated other comprehensive gain of \$0.6 million, resulted in a total comprehensive income at the end of the year of \$169.5 million. This total comprehensive income and a slight increase in reserves results in a funded position of 115.1 per cent. The funded position is discussed in greater detail in a later section.

Premiums

Total premium revenue is made up of base premiums plus discounts and surcharges through the Experience Rating Program (ERP). There are two ERPs – the advanced program applies to employers who pay more than \$21,000 in WCB premiums over a three-year period and employers in the standard program pay less than \$21,000.

Employers in the advanced program are subject to a 200 per cent maximum surcharge, while employers in the standard program are subject to a 75 per cent maximum surcharge. The maximum discount available to employers in the standard program is 25 per cent. Employers in the advanced program are eligible for a maximum 30 per cent discount. In 2019,

1,265 employers paid \$24.6 million in surcharges, while 22,995 employers received discounts of \$27.7 million. The number of employers affected by the ERP was similar to 2018 when 1,305 paid surcharges and 23,039 received discounts.



PREMIUM REVENUE AND AVERAGE PREMIUM RATE

■ Premium revenue (millions)
 — Average premium rate (per \$100 insurable earnings)

Employer assessable payrolls increased 3.1 per cent to a provisional \$23.1 billion in 2019 from an actual \$22.4 billion in 2018. Actual 2019 assessable payroll was less than the 2019 forecasted payroll of \$23.3 billion. Employer assessable payrolls increased approximately 0.9 per cent from economic growth and 2.2 per cent as a result of the maximum assessable earnings increasing effective Jan. 1, 2019. Sectors that experienced the largest payroll increase were metal foundries and mills, operation of railways and iron and steel fabrication. The sectors with the largest payroll decreases were commercial, industrial construction, residential construction and underground hardrock mining. Base premium revenue increased by 4.3 per cent from 2018 to \$270.3 million in 2019, despite the drop in the average premium rate from \$1.19 in 2018 to \$1.17 in 2019, the 12th consecutive decline. The

net cost of the ERP, which increased in 2019 to \$3.1 million, decreased premium revenue.

The average premium rate for 2020 remains the same as 2019 at \$1.17.

Expenses

We manage cost effectiveness in our five expense categories:

1. claims costs
2. administration
3. safety and prevention
4. annuity fund interest
5. legislated obligations

Claims Costs

Claims costs include actual payments made for compensation purposes throughout the year plus the change in benefits liabilities. Benefits liabilities represent the amount required to pay the future costs of all claims. As reported in the statement of operations and other comprehensive income, claims costs totalled \$281.0 million in 2019, a 1.0 per cent increase from 2018. The total claims costs consists of \$233.8 million in cash expenses plus a \$47.2 million actuarial increase to benefits liabilities. The benefits liabilities represent legislated obligations to pay the costs of all existing claims into the future. Benefits liabilities are discussed in more detail below.

The compensation component of claims costs consists of:

- Short-term wage-loss and long-term earnings replacement payments to injured workers and their dependants.
- The health care services provided to injured workers.
- Any vocational rehabilitation required to return injured workers to meaningful employment.

In 2019, compensation costs paid were \$222.0 million. This is a \$6.2 million increase from 2018, the majority of which is attributable to an increase in the maximum wage rate, effective Jan. 1, 2019. Administration costs for adjudicating and managing claims are also allocated to claims costs, bringing the total 2019 compensation payments to \$233.8 million, a 3.5 per cent or \$8.0 million increase from 2018.

Durations and the number of Time Loss claims are two key drivers of compensation costs. The average duration of Time Loss claims paid decreased 0.9 per cent in 2019 to 41.52 days. The number of Time Loss claims decreased from 8,151 in 2018 to 8,036 in 2019. The Total injury rate decreased to 4.95 per cent in 2019 compared to 5.44 per cent in 2018. Total days paid decreased 2.4 per cent from 432,307 to 421,894. Earnings replacement costs, at \$57.9 million in 2019, increased 0.5 per cent from 2018, as there was a decrease in the number of workers and their dependants receiving benefits, from 4,915 to 4,886.

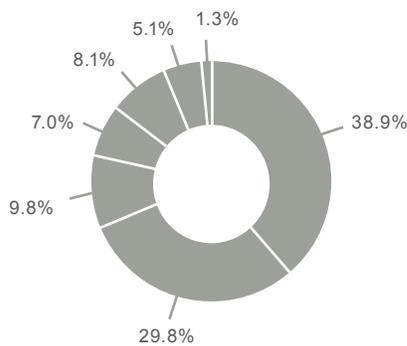
Health care payments increased 4.2 per cent in 2019, to \$89.1 million. There was an inflationary increase in the costs of health care services in the year and an increase in utilization of tertiary and secondary treatment services. Vocational rehabilitation expense claims remained stable.

Benefits Liabilities

Benefits liabilities increased 3.7 per cent in 2018 to \$1,328.1 million. The benefits liabilities increased by \$47.2 million mainly due to a decrease in the discount rate from 5.50 per cent to 5.25 per cent, partially offset by a decrease in the rate of health-care inflation from 5.25 per cent to 5.00 per cent. The increase is also attributable to the continuing pattern of claims staying in the system longer.

Except for updating the Saskatchewan population mortality tables published by Statistics Canada to reflect the years 2015-2017, the remaining long-

term economic and actuarial assumptions used in determining future benefits and administration costs were the same as those used in 2018. Going forward, wages are expected to increase by 1.0 per cent above the assumed 2.25 per cent inflation rate. We consider these assumptions to be a realistic best estimate of future expectations.



BENEFITS LIABILITIES (thousands of dollars)

38.9%	Health care	\$ 516,430
29.8%	Long-term disability	\$ 395,624
9.8%	Short-term wage loss	\$ 130,796
7.0%	Survivor benefits	\$ 92,583
8.1%	Latent occupational disease	\$ 107,168
5.1%	Future benefits administration	\$ 67,885
1.3%	Vocational rehabilitation	\$ 17,612
100%	Total	\$ 1,328,098

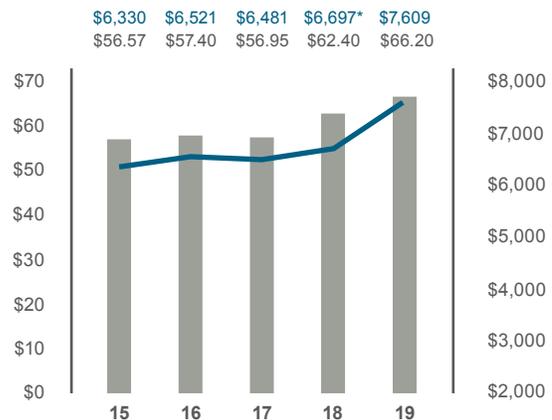
Most wage-based benefits are expected to increase at the rate of inflation and will be discounted at the nominal rate of 5.25 per cent. This means that most benefits, for the purpose of calculating the benefits liabilities, are determined using the 3.00 per cent real rate of return. However, all wage-based benefits, including short-term and long-term disability and survivor benefits, are subject to a ceiling based on the maximum wage rate prescribed under Section 37 of *The Workers' Compensation Act, 2013* (the Act). For the purpose of determining the present value of these future obligations that are capped by statutory limits, the obligations have been discounted using the nominal rate of return of 5.25 per cent.

The benefits liabilities also include an amount set aside to administer benefits in future years. For 2019, the allowance for the expenses included in the liability valuation increased from 3.6 per cent to 4.1 per cent of the liability for long-term disability and survivor awards and from 6.3 per cent to 7.1 per cent of the liability for all other claims. Future benefits administration accounts for \$67.9 million of the \$1,328.1 million total benefits liabilities.

Administration Expenses

Administration costs, before costs charged to future benefits administration, increased to \$64.1 million in 2019, a 6.8 per cent increase from the 2018 administration expenses of \$60.0 million. There was an increase in salaries, amortization, computer services, consulting and miscellaneous expenses.

An important measure of administrative efficiency is our administration cost per Time Loss claims. In 2018, the most recent year that data is available from the AWCBC, Saskatchewan had the fifth lowest administration cost per Time Loss claim in Canada. We calculated this to be \$7,609 in 2019 compared to \$7,068 in 2018. The



ADMINISTRATION EXPENSES (MILLIONS) AND ADMINISTRATION COST PER TIME LOSS CLAIM

- Administration expenses (millions)
- Administration \$ per Time Loss claim

* Restated 2018 to reflect the Association of Workers' Compensation Boards of Canada (AWCBC) metric for comparability.

decrease in the number of Time Loss claims and the increase in administration costs both contributed to the increase in this ratio compared to 2018.

A second measure of administrative efficiency is the administration cost per \$100 of assessable payroll. For 2018, the most recent year that data is available from the AWCBC, the ratio was \$0.26 per \$100 of assessable payroll, making Saskatchewan the second lowest in Canada. The WCB utilizes a related metric of administration costs per \$1 million of assessable payroll and had a 2019 target of \$2,500. The 2019 ratio was \$2,653 as the increase in employers' assessable payroll was less than forecasted and the administration costs were higher than forecasted.

Safety and Prevention Funding

Safety and prevention is made up of funding to the Occupational Health and Safety (OHS) division of the Ministry of Labour Relations and Workplace Safety, funding to safety associations and safety initiatives through the WorkSafe Saskatchewan partnership. The role of the OHS division is to help workplace parties comply with OHS legislation and in doing so identify and correct health and safety hazards. The Act requires that we fund the OHS division operations. However, the OHS budget is approved by the Government of Saskatchewan through the provincial budgeting process. In 2019, the OHS funding remained the same at \$11.3 million.

Funding is provided to seven industry safety associations that represent 18 rate codes. Employers in these rate codes are charged a levy on their premiums to cover the cost of this funding. The total funds for the year increased by \$0.2 million to \$11.4 million. Total injury rates for industries with safety associations have decreased 20.8 per cent, from 6.29 per cent to 4.98 per cent since 2015. This decrease compares to a 21.0 per cent decrease in those industries without safety associations.

WorkSafe expenditures remained constant at \$3.0 million in 2019. Through its strategic and operational planning process, WorkSafe continues to focus its resources on areas most in need of improvement. In 2019, there were increased programming costs related to an injury prevention initiative with the education sector, psychological health and safety, online program delivery and investments in health and safety research.



SAFETY AND PREVENTION (MILLIONS)

- OHS division
- Safety associations
- WorkSafe Saskatchewan

Annuity Fund Interest

The Act requires us to compensate injured workers for the loss of retirement income due to a workplace injury. We set aside an additional 10 per cent of all eligible benefits payments into an injured worker's annuity fund once the worker has received benefits for more than 24 consecutive months. We continue to set aside funds until the worker reaches age 65 or returns to work. At age 65, the worker uses the funds set aside, plus interest, to purchase an annuity. During 2019, contributions to the fund amounted to \$6.3 million, up from \$6.1 million in 2018.

The annuity funds accrue annual interest based on an internally calculated rate of return. The rate of return is based on the return of our investment portfolio, but spreads gains and losses on investments over five years to reduce the impact of fluctuations in the market rate of return.

In 2019, interest allocated equaled \$15.1 million due to an increase in the rate of return to 7.0 per cent. This compares to \$13.4 million allocated in 2018 at a rate of return of 6.0 per cent.

At Dec. 31, 2019, the annuity fund payable was \$225.3 million, a 0.4 per cent increase over the balance at Dec. 31, 2018. Total annuity payouts in 2019 were \$20.5 million, up 24.2 per cent from the \$16.5 million paid out in 2018. Total annuity contributions in 2019 were \$21.4 million as compared to \$19.5 million in 2018. There were 5,430 active claims with annuities at the end of 2019 with an average annuity fund of approximately \$41,500, compared to 5,558 at the end of 2018 with an average annuity fund of approximately \$40,300.

Legislated Obligations

Under the Act, we are obliged to fund the operations of the Office of the Workers' Advocate. Funding in 2019 was \$1.4 million, compared to \$1.3 million in 2018.

Investment Income

We ensure financial stability through our investment and funding policies. Investment income is an important revenue stream. It supplements premiums to cover expenses. The long-term assumption that investments will generate an annual nominal rate of return of 5.25 per cent is built into the calculation of benefits liabilities, as well as the premium rate setting model. In 2019, our investment portfolio had a return of 15.0 per cent at market, compared to a return of -1.9 per cent in 2018. Investment income includes realized income and unrealized gains or losses on investments during the year and can fluctuate significantly year to year to reflect the change in the market value of investments.

Realized investment income increased by \$31.2 million from \$84.1 million in 2018 to \$115.3 million in 2019. Unrealized gains on investments held at Dec. 31, 2019 were \$333.2 million, as compared to unrealized gains of \$171.4 million at Dec. 31, 2018. This is an increase in unrealized investment gains of \$161.8 million. This compares to a \$125.7 million decrease in unrealized investment gains recognized in 2018.

The \$277.1 million investment income consists of:

- \$115.3 million of realized investment income made up of:
 - \$53.8 million of income from interest and dividends.
 - \$66.8 million of net gains realized from the sale of equities, bonds and real estate.
 - Less \$5.3 million for investment expenses.

Plus:

- A \$161.8 million increase in unrealized investment gains for the year.

We record our investments at market value. Our statement of investment policies and goals (SIP&G) allows our investment managers to lend investment securities to third parties for the purposes of generating additional revenue. The investments under this securities lending program are shown separately in the statement of financial position. The combined investments on the statement of financial position are \$2,149.5 million, a \$227.2 million increase from the 2018 total of \$1,922.3 million and includes accumulated unrealized gains of \$333.2 million.

Investment Strategy

Our SIP&G outlines our investment and risk philosophy and reflects the long-term nature of our liabilities and the impact of future inflation on existing liabilities. We diversify investments among asset classes – fixed income securities, equities, mortgages and real estate – to achieve our long-term investment goals and to maximize returns at an acceptable risk. We further

diversify within asset classes by selecting investment managers with different investment mandates and styles.

Our investment committee reports to the board and, with the assistance of an independent investment consultant, recommends the approval of the SIP&G and the appointment of the investment managers. The investment committee recommends prudent policy goals and objectives to safeguard the funded position. The committee meets regularly to monitor the performance of the investment managers against established benchmarks and to review the ongoing relevance of the policy.

Funding Strategy

The funding policy sets the parameters for the Injury Fund and each of our reserves. The targeted range for the Injury Fund is five per cent to 20 per cent of benefits liabilities and annuity fund payable, resulting in a targeted funding percentage of 105 per cent to 120 per cent. The Injury Fund is maintained in this range to ensure sufficient funds are available to meet required benefit levels and to guard against unexpected claim activity and volatile economic conditions.

The funding policy states that unrealized gains and losses on investments are not considered:

- In the determination of the funded status of the WCB.
- For purposes of determining premium rates or surplus distributions.
- Available for benefit enhancements.

The funding policy, therefore, removes these unrealized gains and losses from the Injury Fund for the purposes of calculating the funding percentage. Accordingly, the funding percentage is not subject to the significant fluctuations in the market value of investments. The funding policy also establishes reserves, appropriated from the Injury Fund. At Dec. 31, 2019, we maintained the disaster reserve and the second injury and re-employment reserve. The second injury and re-employment reserve was established to provide employers with cost relief on claims that are attributed to an earlier injury and to help workers return to work through retraining. Currently, the \$13.3 million in this reserve is 1.0 per cent of the benefits liabilities as recommended by the funding policy.



FUNDED POSITION AND RESERVES (MILLIONS)

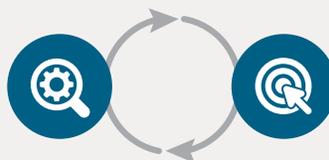
■ Assets
■ Liabilities
— Reserves

2019 Continuous Process Improvement Efforts

Finance – Premium Payment Frequency

Challenge

Currently, employers can only pay premiums on a biannual (twice per year) basis. Employer feedback has requested the option to make monthly premium payments to provide for better budgeting and cash flow flexibility.



Improvement

A pilot project was initiated to offer monthly premium payments. Manual monthly pre-authorized debit transactions were utilized, resulting in improved cash flow for the employer and the WCB.

The disaster reserve was created to meet the requirements of the Act with respect to disasters and has two components: one for less severe disasters that meet the threshold outlined in policy and one for rare, but very severe, disasters. The funding policy specifies 1.0 per cent of benefits liabilities for each component. The total of the disaster reserve was \$26.5 million at the end of 2019.

The balances in the two reserves combined for a total of \$39.8 million at Dec. 31, 2019, compared to a total reserve balance of \$38.4 million at the end of 2018.

The net income in 2019 of \$168.9 million, less a net \$1.4 million increase to reserves to comply with the funding policy, results in a balance of \$567.3 million in the Injury Fund at the end of 2019. However, for funding policy purposes, net unrealized gains and losses are excluded from the Injury Fund. Excluding unrealized gains on investments of \$333.2 million decreases the Injury Fund to \$234.1 million at Dec. 31, 2019. The calculation of the funding percentages is disclosed in note 18 of the financial statements.

Based on the funding policy, the funding percentage at Dec. 31, 2019 was 115.1 per cent, within the targeted range of 105.0 per cent to 120.0 per cent.

Accumulated Other Comprehensive Income

All actuarial gains and losses on the defined benefit pension plan are recorded in accumulated other comprehensive income (AOCI) in the statement of financial position. The accumulated actuarial losses of \$1.8 million are recorded in AOCI at December 2019 and the net actuarial gain for the year of \$0.6 million is recorded in the statement of operations in 2019.

Internal Control over Financial Reporting

The objective of financial reporting is to prepare reliable financial statements. This involves attaining reasonable assurance that the financial statements are free from material misstatements. The internal controls over financial reporting (ICOFR) is defined as those elements of an organization that, taken together, support the achievement of the preparation of reliable financial statements. We certify in our annual report that the financial statements are presented fairly, in all material respects, and internal controls are adequate to prevent material misstatement of the financial statements.

To support the certification, an ICOFR committee assesses our internal controls over financial reporting and provides assurance that internal controls are adequate to prevent material misstatement of the financial statements. The committee assesses the control environment in which the internal controls operate and evaluates internal controls related to certain financial processes, transactions and applications.

The ICOFR committee uses the 2013 Internal Control Integrated Framework from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for assessing the effectiveness of internal controls. The framework assists organizations in adapting internal controls to changes in the business and operating environments that have become more global, complex and technology-driven.

The ICOFR committee assesses the WCB's system of internal controls against this updated framework. The assessments undertaken by the committee in 2019 did not identify any weaknesses in internal controls over financial reporting that would result in material misstatement of the Dec. 31, 2019 financial statements. The 2019 report by the CEO and the CFO can be found on page 79 of this annual report.

Future Forward – Strategic Guidelines

Our vision to eliminate injuries and restore abilities gives us the clear direction necessary to reach our mission, which is to be a customer-centric organization that continuously seeks to add value for our customers through a culture of continuous process improvement.

Our corporate values – safety, respect for people, excellence, collaboration, and customer-focused – are the standards by which our actions and decisions are to be considered and judged by others.

It is the WCB's True North objectives that will enable a culture of continuous process improvement and are core to creating value for our customers.

Customer Experience:



Workers and employers deserve excellent service. That is what employers pay for.

Safety

Every injury is predictable and preventable. Our customers rely on us to help them eliminate injuries. Our staff deserve to work in a safe and secure environment.

Quality & Timeliness

Customers rely on us to deliver service at the right time, when they need it. We owe our customers defect-free service.

People

Our people expect leadership to provide a healthy and engaging environment. Healthy and engaged staff are better positioned to serve our customers.

Financial

Customers expect us to deliver value through our services and programs at a fair and reasonable cost and to meet all our obligations now and in the future.

Our operational plan is focused on processes that we have identified as being central to us fulfilling our True North.

In 2019, the executive management focused on its strategic objectives. These represent the highest level strategic goals for the WCB and achieving these objectives requires the full engagement of WCB staff in the coming years:

Mission: Zero – We will prevent injuries, fatalities and suffering in all workplaces.

Restore Abilities – We will restore the abilities of injured workers.

Culture of Continuous Improvement – We will develop a culture that engages all staff in solving problems.

The board requires the executive management to develop operational plans designed to achieve these objectives. It will be through our True North that we will measure our success against these objectives.

The WCB will measure progress toward reaching our goals and will monitor the outcomes of the strategic plan. This is the challenge the board has placed before us.

Economic Outlook

Saskatchewan experienced a mild recession in 2019, according to the Conference Board of Canada.¹ A slight rebound in the market is anticipated in the province, with projected economic growth of 1.0 per cent in 2020.²

Because of an increase in job hiring, especially in the manufacturing and service industries, the unemployment rate in the province declined by 0.7 per cent to 5.4 per cent in 2019, said TD Bank. Saskatchewan's reasonably strong labour market performance in 2019 is envisaged to render a small improvement in household spending.³

While the International Monetary Fund did not declare a global downturn in 2019, there was a global slowdown in 2019, largely credited to the trade war, said the Bank of Canada. With the redefinition of previously established trade rules and tariffs imposed by the Trump administration, the conflict between the United States and China continues to create uncertainty for North American companies. Even though the United States and China reached an uneasy agreement, analysts are anticipating more tensions between the United States and its trading partners, according to CNBC.⁴ While TD Bank expects crop production to expand in 2020, the agricultural sector is still hindered by Chinese canola import restrictions.

Because of this global economic situation, the Bank of Canada foresees demand for oil to diminish, which will keep prices rather low. In 2018, the bank had predicted Alberta and Saskatchewan economies to increase from new transmission capabilities from the Enbridge Line 3 replacement. However, the Alberta government extended oil manufacturing constraints into 2020 because of delivery delays.

Potash was anticipated to boost the economy in 2019, but there was an unexpected reduction in demand from the United States and internationally. This resulted in a temporary shutdown of three of Saskatchewan's mines. TD Bank predicts that potash output will rebound because of the fleeting nature of these types of hindrances.

Notwithstanding the weak growth expected in Saskatchewan in 2020, the province's fiscal position is fairly robust, says TD Bank. Saskatchewan has the second-lowest net debt to gross domestic product (GDP) burden.

Saskatchewan's population grew 1.0 per cent from 1,167,295 at the end of 2018 to 1,178,657 as of Oct. 1, 2019, according to Statistics Canada.

According to the New York Times, despite financial markets and most economic forecasters projecting the coronavirus outbreak wouldn't do much harm to the economy and corporate profits, as of the end of February 2020 the S&P is down more than seven per cent and yields on 10-year United States Treasury bonds fell to their lowest levels on record. This suggests investors expect significant economic damage and accompanying federal reserve interest-rate cuts. The New York Times article stated, "There remains huge uncertainty about how widely the virus will spread and how much damage it will do."

¹Source: <https://www.bdc.ca/en/blog/pages/2020-economic-outlook-canada.aspx>

²Source: <https://northeastnow.com/2019/11/26/conference-board-of-canadas-provincial-economic-outlook/>

³Source: <https://economics.td.com/provincial-economic-forecast>

⁴Source: <https://www.cnbc.com/2020/01/15/china-trade-truce-is-seen-as-fragile-with-analysts-still-seeing-more-tariffs-as-a-possibility.html>

⁵Source: <https://www.bdc.ca/en/blog/pages/2020-economic-outlook-canada.aspx>

⁶Source: <https://economics.td.com/provincial-economic-forecast>

⁷Source: <https://www.nytimes.com/2020/02/25/upshot/coronavirus-wall-street-analysis.html>

Responsibility for Financial Reporting

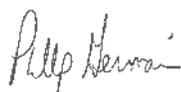
The financial statements are the responsibility of management and have been prepared in conformity with International Financial Reporting Standards. The preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the WCB. Based on management's knowledge, having exercised reasonable diligence, the financial statements fairly represent, in all material respects, the financial condition, results of operations and cash flows as at Dec. 31, 2019.

Management maintains an extensive system of internal accounting controls to provide reasonable assurance that transactions are recorded accurately on a timely basis, are approved properly and result in reliable financial statements. The effectiveness of controls over financial reporting was assessed and found to provide reasonable assurance that internal controls at Dec. 31, 2019 operated effectively with no material weaknesses in the design or operation of the controls.

An independent actuary has been engaged to carry out a valuation of the benefits liabilities. The scope of their valuation and opinion are given in the actuarial certificate.

The financial statements have been examined and approved by the board members. The board members meet periodically with financial officers of the WCB and the external auditors. The internal audit department conducts reviews designed to test the accuracy and consistency of the WCB's internal controls, practices and procedures.

KPMG LLP has been appointed as external auditors to report to the board members regarding the fairness of presentation of the WCB's financial position and results of operations as shown in the financial statements. In carrying out their audit, the external auditors place reliance on the work of the actuary and the report on the benefits liabilities. The auditors' report outlines the scope of their examination and their opinion.



Phillip Germain
Chief executive
officer



Crystal Nett
Chief financial officer
& vice-president
corporate services

Actuarial Certification

To the Board of Directors of the Saskatchewan Workers' Compensation Board

We have completed an actuarial valuation as at December 31, 2019 of the liabilities for benefits payable in the future under *The Workers' Compensation Act, 2013* in respect of claims that occurred prior to the valuation date.

We have analyzed the claims data on which the valuation has been based and have performed tests to confirm the reasonableness of the data and its consistency with the data used for valuations in prior years. In our opinion, the claims data is sufficient and reliable for the purposes of the valuation.

The valuation was based on the provisions of *The Workers' Compensation Act, 2013*, effective January 1, 2014, and reflects future increases in the maximum wage rates. The benefits liabilities include a provision for claims arising in the future in respect of latent occupational diseases. It also includes a provision for future expenses relating to the administration of existing claims. Payments made by the board on a self-insured basis are excluded from the valuation of the benefits liabilities.

The actuarial assumptions and methods employed in the valuation represent the best estimate of the board's future obligations, with an allowance for inflation increases being slightly higher than best estimate and expected return on assets being slightly lower than best estimate. They are based on the provisions of *The Workers' Compensation Act, 2013*, the board's current claims adjudication practices and administrative procedures, and the pattern of claims costs experienced prior to the valuation. In our opinion, for the purposes of the valuation, the actuarial assumptions are appropriate and the methods employed are consistent with sound actuarial principles.

The actuarial valuation of the benefits liabilities of \$1,328,098,000 represents the actuarial present value at December 31, 2019 of all payments expected to be made in future years in respect of all claims occurring on or before December 31, 2019. In our opinion, the amount of the benefits liabilities makes appropriate provisions for all personal injury compensation obligations and the financial statements fairly represent the results of the valuation.

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

Aon



Mark Mervyn

Fellow, Canadian Institute of Actuaries

February 21, 2020

Independent Auditors' Report

To the Members of the Saskatchewan Workers' Compensation Board

Opinion

We have audited the financial statements of Saskatchewan Workers' Compensation Board (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations and other comprehensive income (loss) for the year then ended
- the statement of changes in funded position for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the Annual Report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Annual Report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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

KPMG LLP

Chartered Professional Accountants
Regina, Canada
March 17, 2020

Statement of Financial Position

<i>(Thousands of dollars)</i>	2019	2018
Assets		
Cash	\$ 863	\$ 145
Receivables (note 4)	18,285	18,595
Investments under security lending program (note 5)	221,340	363,075
Investments (note 5)	1,928,120	1,559,197
Property and equipment (note 6)	9,055	9,400
Other assets (note 7)	12,021	18,994
	\$ 2,189,684	\$ 1,969,406
Liabilities		
Payables and accrued liabilities (note 8)	\$ 30,882	\$ 28,260
Benefits liabilities (note 9)	1,328,098	1,280,886
Annuity fund payable (note 10)	225,332	224,418
	1,584,312	1,533,564
Funded Position		
Injury Fund	567,265	399,782
Accumulated Other Comprehensive Loss	(1,736)	(2,366)
Reserves (note 11)	39,843	38,426
	605,372	435,842
	\$ 2,189,684	\$ 1,969,406

Contingencies (note 17)
See accompanying notes to financial statements.

Approved by the Board and signed on their behalf on March 17, 2020.



Gord Dobrowolsky
Chairperson



Larry Flowers
Board Member



Garry Hamblin
Board Member

Statement of Operations and Other Comprehensive Income (Loss)

<i>(Thousands of dollars)</i>	2019	2018
Premiums (note 12)	\$ 267,210	\$ 256,470
Expenses		
Claim costs (note 9)	281,036	278,220
Administration (schedule 1)	52,230	49,986
Safety and prevention (note 13)	25,674	25,562
Legislated obligations (note 14)	1,390	1,330
	360,330	355,098
Underwriting Loss	(93,120)	(98,628)
Investment income (loss) (note 5)	277,085	(41,626)
Annuity fund interest (note 10)	(15,065)	(13,375)
Net Income (Loss)	\$ 168,900	\$ (153,629)
Other Comprehensive Income (Loss)		
Employee benefits		
Net actuarial gains (losses) (note 15)	630	(635)
Total Comprehensive Income (Loss)	\$ 169,530	\$ (154,264)

See accompanying notes to financial statements.

Statement of Changes in Funded Position

<i>(Thousands of dollars)</i>	2019	2018
Injury Fund		
Balance, beginning of year	\$ 399,782	\$ 554,985
Net income (loss)	168,900	(153,629)
Appropriation of funds to reserves (note 11)	(1,417)	(1,574)
Balance, end of year	567,265	399,782
Accumulated Other Comprehensive Loss		
Balance, beginning of year	(2,366)	(1,731)
Other comprehensive income (loss)	630	(635)
Balance, end of year	(1,736)	(2,366)
Reserves		
Balance, beginning of year	38,426	36,852
Appropriation of funds from injury fund (note 11)	1,417	1,574
Balance, end of year	39,843	38,426
Funded Position	\$ 605,372	\$ 435,842

See accompanying notes to financial statements.

Statement of Cash Flows

<i>(Thousands of dollars)</i>	2019	2018
OPERATING ACTIVITIES		
Cash received from:		
Premiums	\$ 269,242	\$ 264,707
Cash paid to:		
Claimants, or third parties on their behalf	237,317	230,930
Employees and suppliers, for administrative and other goods and services	56,424	58,451
Safety and prevention programs	25,503	25,884
Ministry of Labour Relations and Workplace Safety	1,330	1,206
	320,574	316,471
Net cash used in operating activities	(51,332)	(51,764)
INVESTING ACTIVITIES		
Cash received from:		
Sale and maturity of investments	1,119,588	760,891
Dividends	36,680	43,528
Interest	18,093	17,062
	1,174,361	821,481
Cash paid for:		
Purchase of investments	1,118,761	770,610
Purchase of property and equipment	1,190	1,231
Purchase of other assets	2,360	3,516
	1,122,311	775,357
Net cash provided by investing activities	52,050	46,124
Increase (decrease) in cash during the year	718	(5,640)
Cash, beginning of year	145	5,785
Cash, end of year	\$ 863	\$ 145

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2019

1. NATURE OF OPERATIONS:

The Saskatchewan Workers' Compensation Board (WCB) operates under the authority of The *Workers' Compensation Act, 2013* (the Act) and its purpose is to provide workers' compensation insurance to workers who are injured in the course of their employment.

Though the WCB does not receive government funding or other assistance, it is required by the Act to maintain an Injury Fund sufficient to meet all present and future compensation costs. Premium rates are established at a level to provide for current and future cost of claims and operations arising from current claims. The WCB is a Government Business Enterprise (GBE) and as such is exempt from income tax.

2. BASIS OF PRESENTATION:

Statement of compliance

The financial statements for the year ended December 31, 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

Basis of measurement

The financial statements have been prepared using the historical cost basis except for financial instruments. The methods used to measure the values of financial instruments are discussed further in note 3.

Statement of financial position classification

The statement of financial position has been prepared using the liquidity format in which the assets and liabilities are presented broadly in order of liquidity. The assets and liabilities comprise both current and non-current amounts.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the WCB's functional currency and are rounded to the nearest thousand unless otherwise noted.

Use of estimates and judgment

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during

the reporting period. Actual results could differ from the amounts estimated and the changes in estimates are recorded in the accounting period in which they are determined. The most significant estimation processes are related to the actuarial determination of the benefits liabilities (note 9), the valuation of receivables (note 4), investments (note 5) and employee future benefits (note 15).

3. SIGNIFICANT ACCOUNTING POLICIES:

Financial Assets and Liabilities

The measurement basis for financial assets and financial liabilities depends on whether the financial assets and liabilities have been classified as fair value through profit and loss, available for sale, held to maturity, loans and receivables, or other financial liabilities. Financial assets and liabilities classified as fair value through profit and loss are measured at fair value and changes in fair value are recognized in net income. Financial assets classified as available for sale are measured at fair value with unrealized changes in fair value recorded in other comprehensive income; however, unrealized losses considered other than temporary are recognized as a decrease to net income. Financial assets designated as held to maturity, loans and receivables, or other financial liabilities are measured at amortized cost using the effective interest method. The WCB has no financial assets and liabilities designated as available for sale or held to maturity.

The WCB has designated its cash and investments as fair value through profit and loss. Receivables are designated as loans and receivables. Payables and accrued liabilities and annuity fund payable are designated as other financial liabilities. Benefits liabilities are exempt from the above requirement.

Investments

All investments are carried at fair value through profit and loss. The fair value of short-term investments is based on cost, which approximates fair value due to the immediate or short-term nature of these financial instruments. The fair value of equities is determined based on the quoted market price, based on the latest bid prices. The fair value of pooled equity funds and the pooled bond fund is based on the quoted market values of the underlying investments, based on the latest bid prices. The fair value of bonds and debentures is based on model pricing techniques that effectively discount prospective cash flows to present value taking into consideration duration, credit quality and liquidity. The fair value of the pooled mortgage fund is determined based on the market values of the underlying mortgage investments, calculated by discounting scheduled cash flows through to the estimated maturity of the mortgage. The fair value of the pooled real estate fund is determined based on the market values of the underlying real estate investments, normally based on appraisals.

The WCB records its investment purchases and sales on a trade-date basis, being the date in which the transactions occur.

Investments under Securities Lending Program

Securities lending transactions are entered into on a collateralized basis. The securities lent are not derecognized on the statement of financial position given that the risks and rewards of ownership are not transferred from the WCB to the counterparties in the course of such transactions. The securities are reported separately on the statement of financial position on the basis that the counterparties may resell or re-pledge the securities during the time that the securities are in their possession.

Securities received from counterparties as collateral are not recorded on the statement of financial position given that the risks and rewards of ownership are not transferred from the counterparties to the WCB in the course of such transactions.

Investment Income

The WCB recognizes interest revenue as earned, dividends when declared, pooled fund revenue when a distribution is declared, realized gains and losses on investments when the investment has been sold and unrealized gains and losses based on the changes in market value of the investments held.

Interest revenue includes amortization of any premium or discount recognized at the date of purchase of the security. Amortization is calculated using the effective interest method. Realized gains and losses represent the difference between the amounts received through the sale of investments and their respective cost base. Interest is generally receivable on a semi-annual basis.

Transaction costs are included in the acquisition cost of individual investments. Direct investment expenses, such as external custodial, investment management and investment consultant expenses are recorded against investment income.

Property and Equipment

Property and equipment are recorded at cost and are amortized on a straight-line basis over their estimated useful lives. As no borrowing costs are attributable to the acquisition of property and equipment, there are no capitalized borrowing costs included in cost. The estimated useful lives of the assets are as follows:

Building	40 Years
Leasehold improvements	15 Years
Office furnishings	10 Years
Computer equipment	3-4 Years

Premium Revenue

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls. The assessment levy is receivable by instalments within the current year. At year-end, premium revenue is adjusted based on a review of the employers' actual payrolls. Premium revenue is impacted by discounts or surcharges which are applied to the employers' industry premium rate through the WCB's Experience Rating Program.

Benefits Liabilities

The benefits liabilities are determined annually by an actuarial valuation which establishes the amount of this provision for future payments and the future cost of administering claims relating to claims incurred on or before December 31. The provision at December 31, 2019 has been determined by estimating future benefits payments in accordance with the WCB's administrative policies and practices in effect at December 31, 2019.

Benefits liabilities do not include any provision for payment of claims relating to the Government of Canada, as they are a self-insured employer.

Intangible Assets

Other assets include software development costs with a finite life. These costs are amortized on a straight-line basis from the date the programs are put into operation over their estimated useful life. The estimated useful life of software development costs range from three years to fifteen years.

Annuity Fund Payable

The annuity fund is established pursuant to sections 73 and 81 of the Act. Where compensation is paid for a period exceeding twenty-four consecutive months, an additional amount equal to 10 per cent of eligible benefits paid is set aside in the fund to compensate injured workers and dependent spouses for the loss of retirement income due to a workplace injury. The fund earns interest based on an internally calculated rate of return. At age 65 the client must provide direction to the WCB for the disposition of these funds.

All future costs, excluding interest, are provided for as part of benefits liabilities.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate in effect at the period end date. Revenues and expenses are translated at the exchange rate in effect at the transaction date. Unrealized foreign exchange gains and/or losses arising on monetary and non-monetary investments designated as fair value through profit and loss are recognized in investment income. Unrealized gains and/or losses arising on translation are charged to operations in the current year. Translation gains and/or losses related to other financial assets and liabilities are charged to operations in the current year.

Employee Future Benefit Plans

The WCB provides a defined benefit pension plan and a defined contribution pension plan that provide retirement benefits for its employees.

Defined benefit plan

The WCB's net obligation in respect to the defined benefit plan is calculated by estimating the amount of future benefit employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of plan assets are deducted. The discount rate is determined using high quality debt instruments with cash flows that match the timing and amount of the WCB's expected benefits payments.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the WCB, the recognized asset is limited to the unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the WCB if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in income.

Remeasurement of the net defined benefit liability, which is comprised of actuarial gains and losses, the return on plan assets, excluding interest, and the effect of the asset ceiling, if any excluding interest, are recognized immediately in other comprehensive income (OCI). The WCB determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in the statement of operations and other comprehensive income. (note 15)

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of operations and other comprehensive income. The WCB recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined contribution plan

A defined contribution plan is a post-employment benefit under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee benefit expense in the statement of operations and other comprehensive income in the period during which services are rendered by employees.

Adoption of New and Amended Accounting Standards

Effective January 1, 2019, the WCB adopted IFRS 16, *Leases*. The standard replaces IAS 17, *Leases* and related Interpretations. The standard eliminates a lessee's classification of leases as either operating leases or finance leases and replaces it with a single on-balance sheet lease accounting model. Almost all leases are capitalized by recognising a lease liability and right-of-use asset on the balance sheet. There are recognition exemptions for certain short-term and low-value leases. The adoption of this standard did not have a significant impact on the WCB's financial statements.

Future Accounting Policy Changes

The following future changes to accounting standards will have applicability to the WCB:

IFRS 17, Insurance Contracts

On May 18, 2017, the IASB issued IFRS 17, which is effective for annual periods beginning on or after January 1, 2021 (however, the IASB has tentatively decided to propose deferring the effective date to January 1, 2023). IFRS 17 will replace IFRS 4, *Insurance Contracts*.

This standard introduces consistent accounting for all insurance contracts. The standard requires companies to measure insurance contract liabilities as the risk-adjusted present value of the cash flows plus the contractual service margin, which represents the unearned profit the entity will recognize as future service is provided. This is referred to as the general model. Expedients are specified, provided the insurance contracts meet certain conditions. If, at initial recognition or subsequently, the contractual service margin becomes negative, the contract is considered onerous and the excess is recognized immediately in the statement of operations. The standard also includes significant changes to the presentation and disclosure of insurance contracts within entities' financial statements. The WCB is evaluating the impact this standard will have on the financial statements.

IFRS 9, Financial Instruments

IFRS 9 is generally effective for annual periods beginning on or after January 1, 2018. IFRS 9 requires financial assets to be measured at either fair value or amortized cost, on the basis of the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. A financial asset that is held by an entity for the purpose of collecting contractual cash flows on specified dates per contractual terms should be measured at amortized cost. All other financial assets should be measured at fair value.

For equity instruments, management has an option on initial recognition to irrevocably designate on an instrument-by-instrument basis to present the changes in their fair value directly in equity. There is no subsequent recycling of fair value gains and losses from equity to the Statement of Operations.

The standard includes introduction of a fair value through other comprehensive income measurement category for simple debt instruments. In this measurement category, the Statement of Financial Position will reflect the fair value carrying amount while amortized cost information is presented in the Statement of Operations.

The difference between the fair value and amortized cost information will be recognized in other comprehensive income.

The standard introduces a forward-looking impairment model. IFRS 9 replaces the incurred loss model under IAS 39 with an expected credit loss model.

In September 2016, the IASB issued amendments to IFRS 4, which provide optional relief to eligible insurers in respect of IFRS 9. Entities whose predominant activity is issuing insurance contracts within the scope of IFRS 17 are provided a temporary exemption to defer the implementation of IFRS 9. The WCB will be required to adopt IFRS 9 on January 1, 2023, which aligns with the effective date of IFRS 17.

The WCB evaluated its liabilities at December 31, 2015, the prescribed date of assessment under the temporary exemption provisions and concluded that all of the liabilities were predominantly connected with insurance. Additionally, the WCB has not previously applied any version of IFRS 9. Therefore, the WCB is an eligible insurer that qualifies for optional relief from the application of IFRS 9. As at January 1, 2018, the WCB has elected to apply the optional transitional relief under IFRS 4 that permits the deferral of the adoption of IFRS 9 for eligible insurers. The WCB will continue to apply IAS 39 – *Financial instruments: Recognition and measurement* until January 1, 2023.

4. RECEIVABLES:

<i>(Thousands of dollars)</i>	2019	2018
Premiums	\$ 9,569	\$ 7,494
Other	7,765	8,031
Accrued interest	2,421	2,819
Subrogation receivable	1,756	1,691
Interprovincial claims	1,378	3,252
	22,889	23,287
Allowance for doubtful accounts	(4,604)	(4,692)
	\$ 18,285	\$ 18,595

Premiums receivable includes an estimate of \$5,050,000 (2018 - \$2,520,000) for premium revenue to be assessed when employers submit their final insurable earnings information for 2019. The estimate is based on the total estimated premium revenue for the year less premiums received for the year. The total estimated premium revenue uses management's best estimate and judgment in calculating the employers' final payroll amounts for the year.

At the end of the year, receivables of \$15,902,000 (2018 - \$13,985,000) were due within one year.

The allowance for doubtful accounts is a provision for potential credit losses and amounts are subsequently written off once reasonable collection efforts have been made. The allowance details are as follows:

<i>(Thousands of dollars)</i>	2019	2018
Balance, beginning of year	\$ 4,692	\$ 4,669
Amounts written off	(1,393)	(1,770)
Current provision	1,305	1,793
Balance, end of year	\$ 4,604	\$ 4,692

The aging of receivables is as follows:

<i>(Thousands of dollars)</i>	2019	2018
Less than 60 days	\$ 13,179	\$ 11,377
61 to 180 days	1,859	1,622
181 to 365 days	864	986
Greater than 1 year	6,987	9,302
Total	\$ 22,889	\$ 23,287

5. INVESTMENTS AND INVESTMENTS UNDER SECURITY LENDING PROGRAM:

(a) The fair value of investments and investments under security lending program is as follows:

<i>(Thousands of dollars)</i>	2019	2018
Investments		
Bonds and debentures	\$ 232,632	\$ 165,829
Pooled bond fund	121,215	105,819
Pooled equity funds	727,011	346,512
Equities	403,401	501,799
Pooled real estate fund	254,554	257,157
Pooled mortgage fund	133,094	151,902
Short-term holdings	56,213	30,179
	1,928,120	1,559,197
Investments under Security Lending Program		
Bonds and debentures	131,319	164,567
Equities	90,021	198,508
	221,340	363,075
	\$ 2,149,460	\$ 1,922,272

Details of significant terms and conditions, exposures to interest rate and credit risks on investments are as follows:

(i) Bonds and debentures:

<i>(Thousands of dollars)</i>		2019		2018	
Term to Maturity In Years	Fair Value	Average Effective Yield	Fair Value	Average Effective Yield	
Government of Canada Securities					
1 - 5	\$ 64,217	1.88%	\$ 57,885	1.67%	
6 - 10	28,636	2.10%	51,276	2.16%	
Over 10	24,681	2.77%	14,704	3.48%	
Provincial & Municipal Securities					
1 - 5	24,203	2.80%	18,050	2.85%	
6 - 10	6,001	2.80%	8,373	2.87%	
Over 10	66,320	3.11%	57,396	4.20%	
Corporate Securities					
Less than 1	-	0.00%	2,503	1.76%	
1 - 5	91,529	2.81%	72,284	3.15%	
6 - 10	29,286	3.17%	17,880	3.23%	
Over 10	29,078	3.81%	30,045	4.42%	
Total	\$ 363,951		\$ 330,396		

(ii) Pooled bond fund:

The WCB has invested in a global pooled bond fund. The fund returns are based on the success of the manager.

(iii) Equities and pooled equity funds:

The WCB's investments in equities and pooled equity funds have no fixed maturity dates and are generally not exposed to interest rate risk. Fund returns are based on the success of the fund managers.

The WCB's equity and pooled equity fund investments includes foreign equities of \$674,507,000 (2018 - \$609,125,000).

The WCB has an investment in a pooled equity fund for Europe, Asia and the Far East (EAFE) with a carrying value of \$135,019,000 (2018 - \$120,198,000), an investment in a Canadian Equity Small Cap fund with a carrying value of \$83,203,000 (2018 - \$58,926,000), an investment in a Canadian Low Volatility Equity fund with a carrying value of \$117,423,000 (2018 - \$90,169,000), an investment in a Canadian Special Equity fund with a carrying value of \$7,798,000 (2018 - \$6,544,000), an investment in a Global Equity Small Cap fund with a carrying value of \$85,628,000 (2018 - \$70,674,000) and an investment in a Global Low Volatility Equity fund with a carrying value of \$297,940,000 (2018 - \$0).

(iv) Pooled real estate fund:

The WCB has an investment in a pooled real estate fund that is invested in Canadian commercial properties.

(v) Pooled mortgage fund:

The WCB has an investment in a pooled mortgage fund that is invested in Canadian mortgages.

(vi) Short-term holdings:

Short-term holdings is comprised of treasury bills and bank notes with effective interest rates of 1.7% to 1.9% (2018 – 1.6% to 2.2%) and average term to maturity of 3.44 months (2018 – 2.54 months).

(vii) Securities lending:

The WCB's Statement of Investment Policies and Goals allows for securities to be lent to counterparties for the purposes of generating revenue in exchange for pledged collateral. Acceptable collateral includes cash, readily marketable government bonds, treasury bills, letters of credit, discount notes and banker's acceptances of Canadian chartered banks. In Canada, the current practice is to obtain collateral of at least 105 per cent of the market value of the securities lent.

At December 31, 2019, the WCB had \$221,340,000 (2018 - \$363,075,000) in equities and bonds on loan to various counterparties. At December 31, 2019, the total amount of collateral pledged to the WCB amounted to \$232,411,000 (2018 - \$381,233,000).

(b) Investment income

Net investment income was derived from the following sources:

<i>(Thousands of dollars)</i>	2019			2018		
	Realized	Unrealized	Total	Realized	Unrealized	Total
Cash and foreign exchange	\$ (888)	\$ -	\$ (888)	\$ 574	\$ -	\$ 574
Bonds and debentures	15,549	6,102	21,651	7,189	(2,280)	4,909
Pooled bond fund	17,686	(2,290)	15,396	54	(464)	(410)
Pooled equity funds	23,569	73,652	97,221	24,618	(73,671)	(49,053)
Equities	42,158	76,524	118,682	49,819	(70,599)	(20,780)
Pooled real estate fund	13,920	7,545	21,465	-	20,497	20,497
Pooled mortgage fund	7,216	212	7,428	6,475	786	7,261
Short-term holdings	1,436	-	1,436	762	-	762
Investment expenses	(5,306)	-	(5,306)	(5,386)	-	(5,386)
	\$ 115,340	\$ 161,745	\$ 277,085	\$ 84,105	\$ (125,731)	\$ (41,626)

(c) Determination of fair value

The determination of fair value is based on valuations that make maximum use of available market information. The best measure of fair value is an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available representing regularly occurring transactions. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation. The three levels of the fair value hierarchy are:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices that are based on observable market data; and
- Level 3 Inputs that are not based on observable market data.

Assets at fair value as at December 31, 2019

<i>(Thousands of dollars)</i>	Level 1	Level 2	Level 3	Total
Bonds and debentures	\$ -	\$ 363,951	\$ -	\$ 363,951
Pooled bond fund	-	121,215	-	121,215
Pooled equity funds	727,011	-	-	727,011
Equities	493,422	-	-	493,422
Pooled real estate fund	-	-	254,554	254,554
Pooled mortgage fund	-	133,094	-	133,094
Short-term holdings	-	56,213	-	56,213
	\$ 1,220,433	\$ 674,473	\$ 254,554	\$ 2,149,460

Assets at fair value as at December 31, 2018

<i>(Thousands of dollars)</i>	Level 1	Level 2	Level 3	Total
Bonds and debentures	\$ -	\$ 330,396	\$ -	\$ 330,396
Pooled bond fund	-	105,819	-	105,819
Pooled equity funds	346,512	-	-	346,512
Equities	700,307	-	-	700,307
Pooled real estate fund	-	-	257,157	257,157
Pooled mortgage fund	-	151,902	-	151,902
Short-term holdings	-	30,179	-	30,179
	\$ 1,046,819	\$ 618,296	\$ 257,157	\$ 1,922,272

During the year, no investments were transferred between levels.

Level 3 Reconciliation

<i>(Thousands of dollars)</i>	2019	2018
	Pooled Real Estate Fund	Pooled Real Estate Fund
Opening Balance	\$ 257,157	\$ 236,660
Acquisitions	-	-
Dispositions	(10,148)	-
Realized gain	(13,920)	-
Change in Unrealized gain	21,465	20,497
Closing Balance	\$ 254,554	\$ 257,157

(d) Financial risk management

The WCB is exposed to certain financial risks related to its financial assets and liabilities. These financial risks, which include market risk, credit risk and liquidity risk, are managed by having a Statement of Investment Policies and Goals (SIP&G) that provides guidelines to the investment managers for the asset mix of the portfolio regarding quality and quantity of investments using a prudent person approach. The asset mix helps reduce the impact of market fluctuations by requiring investments in different asset classes and in domestic and foreign markets.

The Board Members review the SIP&G annually and, through the investment committee, receive regular reporting from the investment manager and custodian regarding compliance with the SIP&G.

(i) Market risk

The WCB invests in publicly traded equities available on domestic and foreign exchanges and in privately traded pooled funds. Market risk is the risk that the fair value of these financial instruments will decline because of changes in market prices. Market prices can change as a result of changes in equity prices, interest rates, or foreign exchange rates. The WCB does not use derivative financial instruments to alter the effects of these market changes and fluctuations.

Equity price risk

The WCB is exposed to changes in equity prices in Canadian, U.S, EAFE, and global markets. In the SIP&G, the WCB limits its investment concentration in any one investee or related group of investees to 10 per cent of the investee's share capital. In addition, no one holding can represent more than 10 per cent of the fair value of the WCB's equity portfolio. Investment in pooled funds shall not exceed 10 per cent of the fair value of that pooled fund unless provision has been made to transfer assets out of the fund in kind. Individual equity holdings are diversified by geographic region and industry type.

The following table indicates the approximate change that would be expected to net income based on a 10 per cent change in the WCB's benchmark indices at December 31, 2019:

Change in Equity Benchmarks

<i>(Thousands of dollars)</i>	2019	2018
S&P/TSX Composite Index	\$ 33,373	\$ 25,971
World (ex-Canada) Index	29,794	29,483
S&P 500 Index	15,652	12,991
MSCI EAFE Index	14,156	12,690
S&P/TSX Small Cap Index	7,551	3,399

Interest rate risk

The WCB is exposed to fluctuations in interest rates that can impact the fair value of its bonds and debentures. Interest rate risk is minimized by managing the duration of the bonds and debentures within predetermined prudent policy limits. Duration is a measure used to estimate the extent market values of bonds and debentures change with a change in interest rates. Using this measure, it is estimated that a one per cent increase in interest rates would decrease net income by approximately \$27,518,000 at December 31, 2019 (2018 - \$24,424,000), representing 7.6% (2018 – 7.4%) of the \$363,951,000 (2018 - \$330,396,000) fair value of bonds and debentures.

Foreign exchange risk

The WCB has certain investments denominated in foreign currencies. During 2019 the WCB did not undertake hedging strategies to mitigate currency risk of foreign equities and currency influenced short-term returns. In the SIP&G, the WCB limits its holdings in foreign equities to 38 per cent of the investment portfolio. As at December 31, 2019, the WCB's holdings in foreign equities and pooled equity funds had a fair value of \$674,507,000 (2018 - \$609,125,000) representing 31.4% (2018 – 31.7%) of the fair value of the total investment portfolio. At December 31, 2019, it is estimated that a 10 per cent appreciation in the Canadian dollar versus the U.S. dollar and the EAFE currencies would result in a decrease in net income of approximately \$67,451,000 (2018 - \$60,913,000).

(ii) Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument may fail to meet its obligations. The WCB's credit risk arises primarily from cash, receivables, short term holdings and bonds and debentures. The maximum credit exposure related to these financial instruments is \$439,312,000 (2018 - \$379,330,000) which is managed through the minimum quality standards for investments set in WCB's SIP&G. The SIP&G allows for a maximum of 15 per cent to be invested in BBB rated bonds and the remainder of the bonds must be rated A or higher. For short term holdings, the minimum quality standard is R-1. The SIP&G also specifies that there shall be no bond holdings from one issuer, other than the Government of Canada or a Canadian province, over 10 per cent of the market value of the bond investment portfolio. The WCB does not anticipate that any issuers will fail to meet their obligations. A provision for credit losses in receivables is maintained in an allowance account that is periodically reviewed by the WCB (note 4).

Credit ratings for the bonds and debentures are as follows:

<i>(Thousands of dollars)</i>	2019		2018	
Credit Rating	Fair Value	Per cent of Portfolio	Fair Value	Per cent of Portfolio
AAA	\$ 125,438	34.4%	\$ 131,710	39.9%
AA	135,668	37.3%	124,927	37.8%
A	57,069	15.7%	40,081	12.1%
BBB	45,776	12.6%	33,678	10.2%
	\$ 363,951		\$ 330,396	

(iii) Liquidity risk

Liquidity risk is the risk that the WCB is unable to meet its financial obligations. Cash resources are managed daily based on anticipated cash flows. Receivables and payables and accrued liabilities are short-term in nature and the amounts due within one year are disclosed in notes 4 and 8. The cash flow to pay claims benefits is disclosed in note 9 and to pay annuity funds is disclosed in note 10. The WCB generally maintains positive cash flows through cash generated from premiums received and from investing activities.

6. PROPERTY AND EQUIPMENT:

<i>(Thousands of dollars)</i>	2019						2018
	Land	Buildings	Leasehold Improvements	Office Furnishings	Computer Equipment	Total	Total
Cost							
Balance, beginning of year	\$ 1,375	\$ 14,017	\$ 5,600	\$ 2,215	\$ 2,313	\$ 25,520	\$ 27,991
Additions during the year	-	-	72	60	1,112	1,244	1,015
Disposals during the year	-	-	(1,236)	(129)	(277)	(1,642)	(3,486)
Balance, end of year	\$ 1,375	\$ 14,017	\$ 4,436	\$ 2,146	\$ 3,148	\$ 25,122	\$ 25,520
Accumulated Amortization							
Balance, beginning of year	\$ -	\$ 9,211	\$ 4,119	\$ 1,466	\$ 1,324	\$ 16,120	\$ 18,174
Amortization for the year	-	350	247	137	855	1,589	1,432
Disposals during the year	-	-	(1,236)	(129)	(277)	(1,642)	(3,486)
Balance, end of year	\$ -	\$ 9,561	\$ 3,130	\$ 1,474	\$ 1,902	\$ 16,067	\$ 16,120
Net Book Value	\$ 1,375	\$ 4,456	\$ 1,306	\$ 672	\$ 1,246	\$ 9,055	\$ 9,400

7. OTHER ASSETS:

<i>(Thousands of dollars)</i>	2019	2018
Intangible assets	\$ 9,910	\$ 13,946
Net accrued pension benefit asset (note 15 & 19)	1,512	991
Prepaid expenses	599	4,057
	\$ 12,021	\$ 18,994

Intangible Assets

Intangible assets are comprised of the following:

<i>(Thousands of dollars)</i>		2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
System development					
Balance, beginning of year	\$ 67,137	\$ (53,191)	\$ 13,946		\$ 16,473
Additions during the year	2,336	-	2,336		3,692
Amortization for the year	-	(6,372)	(6,372)		(6,219)
Disposals during the year	(8,022)	8,022	-		-
Balance, end of year	\$ 61,451	\$ (51,541)	\$ 9,910		\$ 13,946

During the year, \$2,336,000 (2018 - \$3,692,000) of internally generated system development costs were capitalized.

8. PAYABLES AND ACCRUED LIABILITIES:

<i>(Thousands of dollars)</i>		2019		2018	
Occupational Health & Safety		\$ 11,257		\$ 11,291	
Premium refunds		7,695		7,190	
Employee benefits liability		6,438		6,363	
Other		4,102		2,086	
Workers' Advocate		1,390		1,330	
		\$ 30,882		\$ 28,260	

At the end of the year, payables and accrued liabilities of \$30,816,000 (2018 - \$28,216,000) were due within one year.

9. BENEFITS LIABILITIES AND CLAIM COSTS EXPENSE:

Benefits liabilities represent an actuarially determined provision for future benefits payments and administration costs arising from both reported and unreported claims resulting from work related injuries that occurred on or before December 31, 2019 including the present value of expected future costs plus provision for adverse deviations. The resulting liability is considered an indicator of fair value since there is no market for the trading of benefit liabilities.

Benefits liabilities are determined in accordance with standards established by the Canadian Institute of Actuaries. Projected future benefits payments have been discounted to their present value by applying a discount rate of 5.25 per cent per annum. The determination of the projected future benefits payments involves applying economic and actuarial assumptions and methods, based on past experience, modified for current trends. As these assumptions may change over time to respond to economic conditions or administrative policies and practices, it is possible that such changes could cause a material change to the actuarial present value of future benefits.

Long-term economic and actuarial assumptions and methods are reviewed annually, prior to the independent actuarial valuations. The following long-term economic assumptions were used in the actuarial valuation of the benefits liabilities:

	2019	2018
Inflation	2.25%	2.25%
Expected future growth in gross wages	3.25%	3.25%
Expected future increase in health care costs	5.00%	5.25%
Discount rate	5.25%	5.50%

The current year's claim costs expense includes the actuarial cost of claims for reported and unreported work-related injuries that occurred during the year and adjustments, if any, resulting from the continuous review of entitlements and experience or from changes in legislation and actuarial assumptions or methods.

Benefits Liabilities Continuance Schedule

	2019								2018
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Vocational Rehabilitation	Future Benefits Administration	Latent Occupational Disease	Total	Total
Balance, beginning of year	\$ 128,074	\$ 398,020	\$ 86,281	\$ 479,977	\$ 28,417	\$ 57,532	\$ 102,585	\$ 1,280,886	\$ 1,228,420
ADD:									
Claim costs incurred:									
Current year injuries	64,060	22,059	9,958	82,192	2,315	12,010	4,583	197,177	200,884
Prior years' injuries	11,158	23,042	6,758	43,311	(10,620)	10,210	-	83,859	77,336
	75,218	45,101	16,716	125,503	(8,305)	22,220	4,583	281,036	278,220
DEDUCT:									
Claim payments made:									
Current year injuries	26,279	527	847	29,506	8	4,073	-	61,240	60,056
Prior years' injuries	46,217	46,970	9,567	59,544	2,492	7,794	-	172,584	165,698
	72,496	47,497	10,414	89,050	2,500	11,867	-	233,824	225,754
Balance, end of year	\$ 130,796	\$ 395,624	\$ 92,583	\$ 516,430	\$ 17,612	\$ 67,885	\$ 107,168	\$ 1,328,098	\$ 1,280,886

The table below shows the cash flows anticipated to pay benefits to existing claimants in future years. The estimated cash outflows are the present value of future amounts forecast to pay benefits and have been determined using the above long-term assumptions.

(Thousands of dollars)	
2020	\$ 166,858
2021 - 2024	362,559
2025 - 2029	265,269
2030 - 2034	172,426
2035 - 2039	114,917
2040 - 2044	82,564
2045 and beyond	163,505
	<u>\$ 1,328,098</u>

The following is a reconciliation of the benefits liabilities:

<i>(Thousands of dollars)</i>	2019	2018
Balance, beginning of year	\$ 1,280,886	\$ 1,228,420
ADD:		
Provision for current year injuries	192,594	189,995
Provision for prior years' injuries		
Interest allocated	60,059	57,963
Prior years' claim cost experience higher than expected	13,101	40,570
Effect of actual cost of living adjustment lower than expected	(4,919)	(15,281)
Impact of change in provision for latent occupational disease	(1,059)	5,846
Changes in actuarial methods and assumptions	21,260	(873)
	281,036	278,220
DEDUCT:		
Benefit payments	221,957	215,753
Claim adjudication expense	11,867	10,001
	233,824	225,754
Balance, end of year	\$ 1,328,098	\$ 1,280,886

Claims Development Table

The table illustrates how the estimate of total claims for each injury year has changed at successive year-ends and reconciles the cumulative claims to the current estimate of the outstanding claims liabilities. All amounts shown have been adjusted with interest to the current year-end.

<i>(Thousands of dollars)</i>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
End of year	\$ 281,164	\$ 268,306	\$ 261,207	\$ 240,700	\$ 208,564	\$ 202,335	\$ 211,150	\$ 187,770	\$ 199,759	\$ 194,179
One year later	272,041	263,239	259,657	229,341	220,704	205,002	210,956	194,723	203,360	
Two years later	262,986	267,013	249,140	228,918	228,191	200,715	215,191	193,767		
Three years later	268,607	267,164	244,070	235,804	230,347	208,254	217,823			
Four years later	264,383	263,188	246,878	237,459	236,105	210,513				
Five years later	257,357	263,509	234,947	235,670	237,165					
Six years later	255,471	263,018	241,347	237,495						
Seven years later	254,835	262,398	241,763							
Eight years later	250,356	266,030								
Nine years later	251,691									
Estimate of cumulative claims	251,691	266,030	241,763	237,495	237,165	210,513	217,823	193,767	203,360	194,179
Cumulative payments	(215,896)	(223,858)	(197,522)	(188,325)	(180,043)	(158,434)	(154,426)	(129,397)	(118,596)	(62,828)
Benefits liabilities	\$ 35,795	\$ 42,172	\$ 44,241	\$ 49,170	\$ 57,122	\$ 52,079	\$ 63,397	\$ 64,370	\$ 84,764	\$ 131,351
Post 2009 benefits liabilities										\$624,461
Pre-2010 benefits liabilities										596,469
Latent occupational disease										107,168
Total benefits liabilities										\$1,328,098

Sensitivity of Actuarial Assumptions

The benefits liabilities are calculated based on actuarial assumptions. Changes in these assumptions can cause significant changes in the benefits liabilities. This sensitivity is illustrated for selected actuarial assumptions as follows:

The actuarial assumption most sensitive to change is the assumed discount rate of 5.25 per cent. The approximate impact of a one per cent decrease in the assumed discount rate results in a \$148,054,000 increase in the benefits liabilities.

A one per cent increase in inflation rates for general prices and wages (while holding the assumed investment return constant), results in a \$137,612,000 increase in the benefits liabilities.

Health care benefits liabilities are calculated assuming a future rate of escalation of health care costs of five per cent per year. A 0.5 per cent increase in the escalation factors used for future health care costs would increase benefits liabilities by approximately \$43,648,000.

Calculation of the benefits liabilities for the loss of earnings benefit utilizes the WCB's injured worker claim termination experience. A flat reduction of five per cent in these termination rates would increase benefits liabilities by approximately \$9,214,000.

Calculation of the benefits liabilities for long-term disability and survivor benefits was based on Saskatchewan mortality experience. A flat reduction of five per cent in these mortality rates would increase benefits liabilities by approximately \$1,372,000.

Insurance Risk Management

The WCB is exposed to certain insurance risks related to its current claims costs and its benefits liabilities relating to future claims costs. These insurance risks include employers' return-to-work practices, medical intervention, the WCB's effectiveness in managing claims and determining premium rates, and changes in coverage from amendments to the Act. The WCB manages these risks through active involvement in return to work programs, vocational rehabilitation programs, contracts with medical providers, certification of medical providers and standard operating procedures for adjudicating claims and extensive training for new staff. The WCB utilizes actuarial models to monitor claims patterns, calculate average premiums and estimate future claims costs taking into account past experience and using statistical methods consistent with sound actuarial principles. No provision is made for any proposed amendments to the Act until such changes are passed.

10. ANNUITY FUND PAYABLE:

<i>(Thousands of dollars)</i>	2019	2018
Balance, beginning of year	\$ 224,418	\$ 221,461
ADD: Contributions		
Principal	6,328	6,130
Interest	15,065	13,375
	21,393	19,505
DEDUCT: Payouts		
Principal	6,471	5,713
Interest	14,008	10,835
	20,479	16,548
Balance, end of year	\$ 225,332	\$ 224,418

The table below shows the cash flows anticipated to pay annuity funds to existing claimants in future years. The estimated cash outflows have been determined based on the age of the claimants that existed at December 31, 2019.

(Thousands of dollars)

2020	\$ 21,494
2021 - 2024	67,668
2025 - 2029	72,497
2030 - 2034	29,519
2035 - 2039	18,235
2040 - 2044	8,886
2045 and beyond	7,033
	<u>\$ 225,332</u>

Due to the nature of the annuity fund payable, its carrying value at December 31 approximates fair value.

11. RESERVES:

<i>(Thousands of dollars)</i>	2019			2018	
	Disaster Reserve	Occupational Disease Reserve	Second Injury & Re-employment	Total	Total
Balance, beginning of year	\$ 25,617	\$ -	\$ 12,809	\$ 38,426	\$ 36,852
Appropriation from Injury Fund	945	-	472	1,417	1,574
Appropriation to fund cost relief for employers	13,847	3,315	27,186	44,348	44,495
Allocations for cost relief for employers	(13,847)	(3,315)	(27,186)	(44,348)	(44,495)
Balance, end of year	\$ 26,562	\$ -	\$ 13,281	\$ 39,843	\$ 38,426

To maintain a funded status that is consistent with the statutory requirements of the Act, the WCB has a funding policy that determines the extent of reserves to be held. The current funding policy, revised in 2013, maintains the following reserves and specifies that they be determined based on the current benefits liabilities:

(a) The Disaster Reserve will provide all employers with cost relief in the event of a disaster and will cover potential volatility in rare but very severe disasters as well as less severe disasters that meet the requirements of the Act. In total, the funding policy specifies two per cent of benefits liabilities for this reserve. During the current year, \$945,000 was transferred from the injury fund to this reserve.

(b) The Occupational Disease Reserve is used to cover costs that may have arisen from latent occupational diseases where exposure today may result in the establishment of a future claim.

(c) The Second Injury and Re-employment Reserve will provide employers with cost relief on claims that were attributed to an earlier injury and to assist in facilitating return to work through retraining. The funding policy specifies one per cent of benefit liabilities for this reserve. During the current year, \$472,000 was transferred from the injury fund to this reserve.

12. PREMIUMS:

<i>(Thousands of dollars)</i>	2019	2018
Premiums	\$ 270,326	\$ 259,048
Experience Rating Program - discounts	(27,732)	(26,375)
Experience Rating Program - surcharges	24,616	23,797
	\$ 267,210	\$ 256,470

The Experience Rating Program was introduced to provide an incentive for employers to emphasize safety and injury prevention in the workplace. Based on an analysis of an employer's claim history over a three year period, the experience rate is calculated at the same time as annual rates and applied to the employer's base industry premium rate for the following year. Employers may receive discounts off their premiums for good claims records or may be surcharged for their poor claims records.

The Government of Canada is a self-insured employer whose claims are administered by the WCB. The Government reimburses the WCB for all claims paid out on their behalf plus an administration fee. Gross premiums reported are net of amounts received from the Government of Canada and accordingly claim costs do not include self-insured claims. Monies paid to the WCB for reimbursement of these claims are reflected in the Statement of Cash Flows as cash received from premiums and monies paid out relating to these claims are recorded as cash paid out to claimants or third parties on their behalf. The total Government of Canada self-insured claim costs in 2019 were \$5,444,000 (2018 - \$6,347,000).

13. SAFETY AND PREVENTION:

<i>(Thousands of dollars)</i>	2019	2018
Occupational Health & Safety	\$ 11,257	\$ 11,291
Safety Associations	11,441	11,246
WorkSafe Saskatchewan	2,976	3,025
	\$ 25,674	\$ 25,562

Section 115(g) of the Act allows the WCB to expend monies for the cost of administration of the industrial safety program.

The WCB levies an additional premium on certain industry groups to collect funds which are used to fund the safety associations representing those industries. In 2019, funds were collected on behalf of and disbursed to the Heavy Construction Safety Association of Saskatchewan Inc., Saskatchewan Construction Safety Association Inc., Service & Hospitality Safety Association of Saskatchewan Inc., Safety Association of Saskatchewan Manufacturers, Saskatchewan Association for Safe Workplaces in Health, Motor Safety Association of Saskatchewan Inc. and Energy Safety Canada.

14. LEGISLATED OBLIGATIONS:

<i>(Thousands of dollars)</i>	2019	2018
Worker's Advocate	\$ 1,390	\$ 1,330
Committee of Review	-	-
	\$ 1,390	\$ 1,330

Section 115(h), (i) and (j) of the Act allows the WCB to expend monies for the expenses, including salaries and remuneration, of the office of the Worker's Advocate and the expenses of any Committee of Review established under the Act.

15. EMPLOYEE FUTURE BENEFITS:

The WCB sponsors defined benefit and defined contribution pension arrangements covering all employees.

Defined Benefit Plan

For the defined benefit pension plan, the WCB uses actuarial reports prepared by an independent actuary for accounting purposes. Pension obligations are determined using the projected benefit method pro-rated on service and management's best estimate assumptions approved by the WCB of expected plan investment performance, discount rate and post-retirement indexing rate. The actual results may vary significantly from the long-term assumptions used. The net defined benefit plan expense is based on the results in the most recent actuarial valuation, completed as of December 31, 2018, extrapolated to December 31, 2019. The next required valuation is due at the December 31, 2021.

i) Actuarial Assumptions

The following significant actuarial assumptions were employed to determine the net benefit plan expense and accrued benefit obligations:

	2019	2018
Discount rate	3.06%	3.82%
Average remaining service period	0 years	0 years

The assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at December 31 were as follows:

	2019	2018
Longevity at age 65 for current pensioners		
Male	22.9	22.9
Female	24.8	24.7

At December 31, 2019 the weighted-average duration of the defined benefit obligation was 11.4 years (2018 - 11.1 years).

ii) Movement in net accrued pension benefit (asset) liability

The following table shows a reconciliation of the opening balances to the closing balances for the net accrued pension benefit (asset) liability and its components.

<i>(Thousands of dollars)</i>	2019	2018	2019	2018	2019	2018
	Defined Benefit Obligation		Fair Value of Plan Assets		Net Accrued Pension Benefit (Asset) Liability	
Balance at January 1	\$ 36,288	\$ 38,566	\$ (37,279)	\$ (40,274)	\$ (991)	\$ (1,708)
Included in profit or loss						
Current service cost	-	-	-	-	-	-
Interest cost (income)	1,340	1,247	(1,231)	(1,165)	109	82
	1,340	1,247	(1,231)	(1,165)	109	82
Included in OCI						
Remeasurement loss (gain)						
- Actuarial loss (gain) from change in assumptions	3,221	(1,066)	-	-	3,221	(1,066)
- Return on plan assets excluding interest income	-	-	(3,851)	1,701	(3,851)	1,701
	3,221	(1,066)	(3,851)	1,701	(630)	635
Other						
Employer contributions paid	-	-	-	-	-	-
Employee contributions paid	-	-	-	-	-	-
Benefits paid	(2,413)	(2,459)	2,413	2,459	-	-
	(2,413)	(2,459)	2,413	2,459	-	-
Asset ceiling adjustment					-	-
Balance at December 31	\$ 38,436	\$ 36,288	\$ (39,948)	\$ (37,279)	\$ (1,512)	\$ (991)

Employer contributions to the defined benefit plan will be \$nil in 2020.

(iii) Plan Assets

<i>(Thousands of dollars)</i>	2019	2018
Duration bond funds	\$ 36,195	\$ -
Pooled mortgage fund	3,767	4,043
Short-term investments	30	233
Bonds and debentures	-	9,991
Pooled equity funds	-	17,951
Pooled real estate fund	-	4,897
	39,992	37,115
Other	(44)	164
	\$ 39,948	\$ 37,279

During the year, the Plan moved to a liability matching strategy with the objective of protecting the Plan's asset position relative to its liabilities. Subsequent to year end, the Plan entered into an annuity contract and funds were transferred into Brookfield Annuity Company. (note 19)

(iv) Sensitivity Analysis

The following illustrates the effect in the defined benefit obligation of changing certain actuarial assumptions while holding other assumptions constant:

As at December 31, 2019	Defined Benefit Obligation	
	Percentage Increase	Percentage Decrease
Discount rate (one per cent change)	-10.3%	12.4%

Defined Contribution Plan

The WCB also has employees who are members of a defined contribution plan. The WCB's financial liability is limited to matching employee contributions of seven and one quarter per cent to the plan. During the year, the WCB incurred costs of \$2,666,000 (2018 - \$2,654,000) related to its defined contribution plan.

16. RELATED PARTY DISCLOSURE:

i) Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the WCB by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan. All routine operating transactions are settled at the exchange amount agreed to by the related parties. The WCB has elected to take a partial exemption under IAS 24, Related Party Disclosures, which allows government related entities to limit the extent of disclosures about related party transactions with government or other government related entities.

ii) Key Management Compensation:

At December 31, 2019, key management personnel is made up of eight people (2018 - nine people) and includes the Chairman of the Board, two board members, the Chief Executive Officer, the Chief Financial Officer, and three (2018 - four) members of the senior executive group.

(Thousands of dollars)	2019	2018
Salaries and other short-term benefits	\$ 2,365	\$ 2,403
Post-employment benefits	219	113
	\$ 2,584	\$ 2,516

17. CONTINGENCIES:

Due to the size, complexity and nature of the WCB's operations, various claims, appeals and legal matters are pending. In the opinion of management, these matters will not have a material effect on the WCB's financial position or results of operations.

18. CAPITAL MANAGEMENT:

The WCB's objectives when managing capital are to build a Funded Position that supports the long-term financial stability of the WCB and to ensure sufficient funds are available to meet required benefit levels and reduce the fluctuations in the average premium rate.

The process for managing the WCB's Funded Position is determined based on its approved funding policy. The funding policy establishes guidelines for the maintenance of a fully funded status and sets the target range for the Injury Fund, excluding unrealized gains and losses on investments at the end of the year, at five per cent to 20 per cent of Benefits Liabilities plus Annuity Fund Payable.

Where the injury fund shifts out of the targeted range, the funding policy states the WCB will replenish or regulate the fund to maintain the targeted range. Where the Funding Percentage falls below 100 per cent, the WCB will take action to replenish the Injury Fund immediately to reach 100 per cent. If the Funded Percentage falls below 103 per cent, the WCB, at its discretion, will take action to replenish the Injury Fund to reach 105 per cent within three years. Generally, where the Funding Percentage rises above 122 per cent, the WCB, at its discretion, will distribute surplus funds to employers, within the year following the WCB's fiscal year in which the Funding Percentage exceeded 122 per cent.

The WCB monitors its funded status on the basis of its Funding Percentage. The Funding Percentage is calculated as the Benefits Liabilities plus the Annuity Fund Payable plus the balance in the Injury Fund, excluding unrealized gains and losses on investments at the end of the year, divided by the Benefits Liabilities plus the Annuity Fund Payable.

The Funding Percentages at December 31 were as follows:

<i>(Thousands of dollars)</i>	2019	2018
Injury Fund	\$ 567,265	\$ 399,782
Unrealized gains on investments	(333,142)	(171,398)
	\$ 234,123	\$ 228,384
Benefits liabilities + annuity fund payable	1,553,430	1,505,304
Injury Fund as a percentage of benefits liabilities + annuity fund payable	15.1%	15.2%
Funding Percentage	115.1%	115.2%

19. SUBSEQUENT EVENTS:

On January 15, 2020, the WCB approved entering into an annuity contract with Brookfield Annuity Company (Brookfield). Under the terms of this contract, Brookfield will make future pension payments for the members of the Pension Plan for Employees of the Saskatchewan Workers' Compensation Board (the Plan). On January 31, 2020, the Plan transferred \$39.4 million to Brookfield under a Buy-In annuity contract, which after payments and expenses will leave a surplus in the Plan. The WCB is currently in the process of terminating and winding-up the Plan with the Financial and Consumer Affairs Authority (the FCAA). The WCB expects approval from the FCAA in 2020 after which Brookfield will commence pension payments to members.

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus, COVID-19, a global pandemic. This pandemic has negatively impacted financial markets and, in turn, the value of certain investments held by the WCB. Public health measures implemented provincially, and around the world, are likely to negatively impact the operations of employers and may result in lower assessable payroll and premium revenue. At the current time, the WCB is unable to quantify the potential effects of this pandemic on its future financial statements.

20. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES:

The fair value of financial assets and liabilities other than investments (note 5), benefits liabilities (note 9), and annuity fund payable (note 10) approximates carrying value due to their immediate or short-term nature.

21. COMPARATIVE FIGURES:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Schedule 1 — Administration Expenses

<i>(Thousands of dollars)</i>	2019	2018
Salaries and employee benefits	\$ 44,633	\$ 42,814
Amortization (notes 6 & 7)	7,961	7,651
Computer services	2,531	2,369
Consulting services	2,327	1,503
Building operations	1,836	1,888
Communications and postage	1,580	1,467
Office expenses	1,395	1,346
Office rental	1,200	1,014
Travel and automobile expenses	722	690
Training and development	718	600
Professional services	528	463
Community relations	347	245
Market research	148	118
Advertising	47	103
Miscellaneous	262	135
	66,235	62,406
Less:		
Fees charged to self-insurers	2,138	2,419
	64,097	59,987
Less:		
Administration costs charged to Future Benefits Administration (note 9)	11,867	10,001
	\$ 52,230	\$ 49,986

See accompanying notes to financial statements.



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