

**Saskatchewan Workers' Compensation Board**  
**Annual General Meeting via teleconference**  
**June 24, 2020**

**Gord Dobrowolsky**

Good morning. In just a few minutes our CEO and members of the WCB's executive team will share the 2019 financial and operational highlights with you. But first I would like to briefly review the principles that govern our compensation system, the Meredith Principles. The Workers' Compensation system in Canada as we know it, it has been established through something known as the Meredith Principles. These principles were adopted over 100 years ago and I believe they are still as valid and important today as they ever were. Reflecting something known as the Historic Compromise, the Meredith Principles provide for an employer-funded compensation system in exchange for which the workers gave up their right to sue. The principles stipulate that the WCB will provide no-fault mandatory insurance coverage to protect workers from workplace injuries by providing benefits such as wage loss and medical. Through this no-fault system, employers are protected from legal action arising from a workplace injury and collectively fund the compensation system.

We remain committed to the Meredith Principles that protect families, employers, and entire communities. All of us here representing the Saskatchewan WCB are extraordinarily proud to be able to help injured workers, their families, and employers, when they are negatively affected by a workplace injury.

At 115.1 per cent we remain fully funded, with the ability to cover the future costs of all claims in the system. As our labour force has grown over the past decade, workplace safety becomes more and more vital for Saskatchewan as we realize our economic growth potential. It remains important for us to keep a solid funded position to ensure benefits and programs to cover workers who are injured at work. We can never put benefits at risk. As well, employers can be sure that they will be protected from losses and that they will continue to have an effective, efficient compensation system.

In 2019, for the fourth year in a row, 88 per cent of employers achieved zero injuries and zero fatalities in the workplace. This was a huge success and a testament to the safety work being done in our province. Back in 2008, Saskatchewan had the second-highest workplace injury

rate in Canada. From that point on, all of us, business leaders, government workers, and safety associations, started to work even harder to bring that number down. Now, thanks to the health and safety efforts of people like yourselves, our workplace injury rate has dropped from the second-highest in Canada to the fourth among Canadian provinces. This suggests that we still have a great deal of work to do, but it shows that we are moving in the right direction. While we have seen a decade of improvement, the challenge for us all is to continue to keep our injury rates declining. The 2019 workplace injury rates decreased. The workplace total injury rate for 2019 was 4.95 per cent, a 9 per cent decrease from 2018. Since 2008, the workplace total injury rate has dropped by 51.5 per cent. I keep referencing the year 2008, because that is when Mission Zero became a reality at WCB. Last year fewer people and their families were affected because someone was hurt at work. All around the province people like you, workers, employers, safety leaders, and labour unions, have worked diligently to bring our injury rates down.

In 2019, our time loss injury rate also decreased to 1.86 per cent, down from the 2018 rate of 1.99 per cent. This represents a 6.53 per cent reduction from 2018 rates. Even though last year's injury rate decreased, the time loss injury rate is the same as it was a few years ago. While the 2019 rate is an improvement, it also means that we cannot become complacent in our efforts to make all workplaces safe in our province. Sadly, we lost 36 individuals in work-related deaths last year. Of those, 17 were from occupational diseases such as asbestosis, and 19 were from traumatic events such as heart attacks and motor vehicle crashes. Each of these deaths had a shattering impact on the workers' families and communities. In December 2019, WorkSafe Saskatchewan, the partnership between the WCB and the Ministry of Labour Relations and Workplace Safety, launched the Fatalities & Serious Injuries strategy. This strategy, developed by WorkSafe along with employer and labour representatives, works to address the high-risk industries, occupations, and the tasks within those industries, that are resulting in these fatalities and serious injuries. Working together we can continue to bring our injury rates down and keep all workers safe on the job.

In 2019, we were able to offer our lowest premium rate in more than 30 years. Our average premium rate dropped for the twelfth straight year in 2019 to \$1.17 per \$100 of payroll. In October we announced the 2020 premium rate would remain at \$1.17. This is the first time in 12 years the average premium rate has not dropped. We are seeing several factors that are putting upward pressure on some industry rate codes' average premium rates. These factors include: 1) consistently high numbers of serious injuries and fatalities; 2) increased claim costs; and 3) decreases in industry payrolls. Because of COVID-19 and the impact of the pandemic response

on the global, Canadian, and Saskatchewan economies, downward employer payroll adjustments combined with volatile investment markets are putting pressure on the WCB's strong financial position. This tells us that to see premium rates go down again we all need to focus on eliminating serious injuries and fatalities.

Although our 2020 premium rate did not go down, it is still the third-lowest in Canada, behind Manitoba at \$0.95 and Alberta at \$1.14. We are able to maintain this position because you are investing time and money into preventing injuries. Injured workers and employers are cooperating with return to work plans. Our system is sustainable and constantly improving because we work together. So, thank you, sincerely. On behalf of the Board, Phil, and the VPs, thank you for your interest in our results and for taking the time to be here this morning.

This morning Phil Germain, our Chief Executive Officer, Crystal Nett, our Chief Financial Officer, Kevin Mooney, our Vice-President of Prevention and Employer Services, and Jennifer Norleen-Beitel, Vice-President of Operations, will provide you with an overview and the details of the 2019 results. We will end the morning with pre-submitted questions that were emailed to us. Thank you for attending, and I will now turn it over to Phil.

### **Phil Germain**

Thank you, Gord, and good morning, everyone. It is my pleasure to be with you today to provide some of the details of our accomplishments at WCB in 2019. By all accounts, 2019 was a successful year for WCB and WorkSafe. I want to thank each and every one of you for taking time from your work to participate in our AGM. It's very encouraging to have this level of participation. I also want to thank all of our customers, staff, and partners, for helping make 2019 at WCB and WorkSafe a success.

2019 and 2020 have been a time of significant change for WCB and as we know for many other organizations. I became the CEO on June 1, 2019, after the retirement of our long-time CEO, Peter Federko. In a few minutes you will hear from our VP of prevention and employer services, Kevin Mooney, our VP of operations, Jennifer Norleen-Beitel, our chief financial officer, Crystal Nett, as well as Ray Anthony, Executive Director of Labour Relations and WorkSafe Safety, OH&S Division. We also have Stuart Cunningham, our VP of HR, and George Georgiadis, our Chief Technology Officer, with us today in the event we get questions related to their areas of the business.

As Gord said, we will end the presentation with brief look ahead and then time permitting take

as many questions as we can. Gord highlighted in his opening remarks, our vision is to eliminate injuries and restore abilities. The greatest value to our customers and stakeholders is if we are able to work together to prevent all injuries and fatalities. If someone is injured, we want to prevent disability by helping our customers recover and restore their abilities so they can return to work. We know workers are better off when they return to work. We know that prevention is better than rehabilitation and rehabilitation is better than compensation. We will move forward by working with our customers and our partners and our staff to make the changes necessary to positively impact our customer service and the value to our customers.

Our vision of eliminating all workplace injuries and restoring all injured workers' abilities to preinjury is a long-term view of where we want to be. Our True North keeps us constantly focused on working towards our vision. We believe by constantly improving these five areas of our business, safety, quality, timeliness, people, and financial, we will continuously deliver a better customer experience by improving service and creating greater value for our customers. I will now turn it over to Kevin Mooney to provide an overview of our safety and prevention outcomes and programs from 2019.

### **Kevin Mooney**

Thank you, Phil, and good morning, everyone. In this next section I would like to present our efforts to prevent workplace injury, as the easiest claim to manage is the one that never happens. In this slide we are showing the raw numbers for the various indicators we track to help us determine if we are having a positive impact on health and safety. From a prevention perspective, we tend to focus on a number of metrics to indicate that our prevention strategies are working. The change in the total injury rate, time loss injury rate, and number of claims and fatalities provide a broader view of whether or not our injury prevention efforts are working well.

We want to see all these numbers going down, to get a better sense of our improvement. Our 2019 cumulative number of external injuries is a 4 per cent reduction from the 2018 levels. A 4 per cent reduction in the total number of external injuries is a positive achievement considering the fact that the total number of workers covered in the province also increased from 410,000 to 433,000 from 2018 to 2019.

You will see from the next few slides that while we made great progress in 2019 compared to 2018, and with the exception of the total injury rate we are still seeing a flattening out of our safety performance overall in the province. When I say we in this context I mean WCB, the Ministry of Labour Relations and Workplace Safety, and other various safety partners in the

province.

The WCB accepted 36 fatality claims in 2019 compared to 48 in 2018, which is a decrease of 25 per cent. These fatalities occurred in 40 per cent of our industry rate codes that we cover, and the chart also illustrates a flat trend line. On average in Saskatchewan we have 39 workplace fatalities per year, and that's an average over the last 10 years. Asbestos accounted for 44 per cent of all workplace fatalities in 2019. Occupational disease related fatalities decreased from 20 in 2018 to 17 in 2019. Sixteen of those related to asbestos exposure and one was a firefighter related cancer. Traumatic related fatalities decreased from 12 in 2018 to 7 in 2019, and motor vehicle related fatalities decreased from 10 fatalities in 2018 to 4 in 2019.

WorkSafe is a partnership between the Ministry of Labour Relations and Workplace Safety and the Workers' Compensation Board. WorkSafe is a strong and cooperative partnership that focuses its strategies on four pillars: awareness, education and training, targeted initiatives, and partnerships and leadership. The prevention department focussed on health care in 2019, and as our plan didn't evolve as quickly as we had hoped, foundational elements were established in the industry.

In addition to health care, transportation and municipalities continue to account for a disproportionate number of injuries in the province. Also, psychological injuries and slip and falls account for a high number of serious injuries in the province. We continued to have success in our targeting initiatives in 2019. In 2019 there were 170 employers in the priority employer program. 170 employers experienced a 7.72 per cent drop in their collective injury rate during that time period. In addition, we engaged first responders to help them better deal with psychological injuries and also assisted the provincial fire chief to better understand how they can identify and tackle the causes of occupational cancers.

The WCB and WorkSafe have many partnerships focussed on how things strengthen each of the four pillars of our strategy. The safety associations are longstanding partnerships with industry to help address injury prevention in specific rate codes through education and training, and other prevention initiatives. We partner with industries to establish these safety associations. Each safety association is governed by a board of directors representing employers and workers from the rate codes that fund the association. All safety associations follow a strategic planning process and report the results against our plans to industry and the Workers' Compensation Board. There are currently seven industry-based safety associations representing 18 different industry rate codes in the province. Safety associations are funded

through an extra levy on the premium rates of employers within those specific rate codes. And the safety associations received 11.4 million in WCB funding in 2019, which is up from 11.2 million in 2018.

This slide shows the time loss injury rate performance of the rate codes covered by safety associations, so if you are looking at these orange bars and the orange trend line versus the rate codes not covered by safety associations, which would be the grey bars and the grey trend line. While historically the safety associations have outperformed the rate codes without safety associations, that trend has reversed during the last few years as shown by the widening of the grey and orange trend line. Total injury rates for industries with safety associations have decreased from 6.29 per cent in 2015 to 4.98 per cent in 2019. This is a 20.8 per cent decrease compared to a 23.7 per cent decrease in those rate codes that don't have safety associations.

Comparing 2018 to 2019, the total injury rate for rate codes with safety associations experienced a 10.3 per cent decrease from 5.5 per cent to 4.98 per cent, while those without safety associations decreased from 4.9 per cent to 4.48 per cent, which is an 8.6 per cent decrease. We continue to engage with all safety association board of directors in implementing the new WCB Safety Association Funding Policy and finalizing the related funding agreement.

For the past three years WorkSafe has been working towards the Serious Injuries & Fatality Strategy. In 2019, WorkSafe Saskatchewan collaborated with employer and labour stakeholders to develop a provincial Fatalities & Serious Injuries Strategy which was publicly launched by Minister Morgan on December 2, 2019. The Fatalities & Serious Injuries Strategy was developed to prioritize and address the high-risk industries, occupations, and the tasks within those industries that are resulting in these fatalities and serious injuries. Through WCB's serious injury definition, analysis indicates that the province of Saskatchewan has approximately 2,400 serious injuries every calendar year. As a result, WorkSafe uses this information to focus prevention initiatives going forward until the end of 2021. The four focussed priorities in relation to fatalities are asbestos exposure, work-related motor vehicle crashes, firefighter cancer exposures, and falls from heights.

The five focussed priorities in relation to serious injuries are health care, transportation, first responders as it relates to psychological injuries, manufacturing, specifically hand injuries, and the construction industry, falls from heights. More details and ongoing reporting of the results regarding a strategy can be found on the WorkSafe website at [www.worksafesask.ca](http://www.worksafesask.ca). I will now turn it over to Ray Anthony, Executive Director, Occupational Health and Safety Division,

Ministry of Labour Relations, Workplace Safety, to provide an OH&S update.

**Ray Anthony**

Thank you, Kevin. First, I would like to bring greetings from the Ministry, our Minister Don Morgan and our Deputy Minister Donna Johnson. And I would like to thank Gord and Phil for the opportunity to speak here today. I would like to remind everyone of the value of the partnership that WorkSafe brings. In addition to the funding and support that the board provides to the Ministry of Labour Relations and Workplace Safety, the data and the exchange in information between the two parties in terms of education and a united approach to incident and accident and injury prevention is extremely important. LRWS provides essentially the inspection and enforcement portion of the strategy through the Saskatchewan Employment Act Part III, Part IV, and its associated regulations.

Through the use of WCB injury data, we build profiles on employers, keeping in mind that Mission Zero is where we are headed. But right now, 88 per cent of employers have attained Mission Zero when looking at a five-year window, and 12 per cent of employers viewed on a five-year window are responsible for almost 100 per cent of all claims. This focus on these employers and what is injuring their workers make up our Targeted Intervention Program.

The Targeted Intervention Program and the Serious Injury & Fatalities Strategy make up what we refer to as proactive inspections. As you can see, the Targeted Intervention, 2,842 inspections, makes up 54 per cent of our inspections work under the Act. With this we essentially contact the employers and try to work with the employers to reduce the incidents through phase one. Through Phase two, of course it's handed to the board for further education and assistance with return to work and other items. And then finally in Phase three, monitoring of the employer to make sure they don't backslide and to continue further efforts internally toward accident prevention. That means 46 per cent of all our onsite, worksite, visits are reactive. That means complaint driven we had about 14 per cent or 714 inspections. Officer initiated or random inspections were about 22 per cent or nearly a quarter. And finally, notifications that are required under the Act, harassment complaints, etc., constituted just about 10 per cent of our inspection, for a total of 5,236 worksite visits, which is a record for the division; it's the highest number we have ever had.

We have a number of ways – of course we write officer's reports, compliance undertakings and notices contravention and stop work orders, but back in 2014 we initiated summary offence ticketing. We are limited on summary offence ticketing through 12 issues in the Summary

Offences Procedures Act, which is very similar to getting a speeding ticket. Essentially, they fall into three or four main groups, but they all have one thing in common. They are IDLH, immediately dangerous to the life and health of workers. That would include issues around fall protection, safety in excavations, guarding of equipment, and personal protective equipment. It's important to note that these requirements fall not only on employers, but they also fall on workers as well. Also, it's important to keep in mind that these are used generally as a matter of last resort with employers where education and orders have been ignored.

We do do prosecutions of serious injuries and fatalities. These are, generally speaking, items that fall to us that do not fall, say, to the RCMP and Highway Traffic or other agencies such as National Transportation Safety Board, and other federally regulated things. When we look at the numbers that come back from this, we see that in 2019 that we had 19 prosecution convictions for a total of \$1,447,100. In 2019-20, it became \$1,664,500 or an increase of \$217,400, or nearly 13 per cent. But when we look at it, the 2018-19 average was \$76,163. The 2019-20 average is \$138,708, not quite double. So, the consequences for failing to comply with the Act and its regulations has gone up dramatically since the Saskatchewan Employment Act along with its higher fines. With it I would say that, as Kevin alluded, the numbers are slowly improving, we are slowly marching toward Mission Zero, but we should not be complacent. We need to be cautious against that and continue with our efforts both in education and enforcement. So, with that said, I am going to pass it to Jennifer Norleen-Beitel. And thank you very much.

### **Jennifer Norleen-Beitel**

Thank you, Ray, and good morning, everyone. I am going to spend the next few minutes reviewing some of the quality and timeliness highlights. This slide shows a five-year picture of customer satisfaction from our injured workers and employers. Each quarter we survey our customers in order to gain insight into the quality of service they experience. Our injured workers are surveyed twice per year and the overall satisfaction of our injured workers was 4.02 out of 5 in 2019. That is shown in the red line on the chart. This is a slight decrease from the previous year of 4.17 and slightly below our target of 4.2.

Employers are surveyed in the second and fourth quarters of the year and overall satisfaction of employers in 2019 was 4.18 out of 5, which is shown in blue on the chart, again, just below our target of 4.2. Employer results for 2018 were 4.23, just to compare. Injured workers told us that they struggle to navigate the WCB system and feedback has indicated that our communication with injured workers could be improved. Workers don't always know what the status of their

claim is and don't understand the processes we are asking them to go through and don't always understand the decisions we make. How we communicate and support workers through the return to work journey is critical.

An initial step taken last year was to implement a process where case managers proactively reach out to workers on a regular basis. Each telephone call provides opportunities to build strong relationships, because we know that relationship building with customers will drive our customer experience. Providing clarity, keeping workers informed, explaining processes step-by-step, provides an opportunity to explain what actions will be taken and what next steps might be. It also can set common expectations with the focus of putting workers at ease, provides an opportunity to gather updates, explain benefit entitlements, and ongoing development of recovery and return to work planning. This approach was piloted with a small group initially, and initial results were positive with workers expressing appreciation for the proactive contact, the clarity provided on the claims process and next steps. This proactive contact expectations was implemented across all of our teams and results will be analyzed to see what impact this has on worker outcomes.

One of the themes we have heard from employers is that it is challenging to submit their employer report of injury form online, the E1. To address this customer feedback, we embarked upon a project to enhance the online form to make it more user friendly and also to encourage more online submissions. This is important, as online submissions enable us to get to the decision-making step of the process more quickly. The focus in 2019 was on developing the enhanced form based on customer feedback, with an initial pilot planned for the first quarter of this year. The pilot commenced on February 24<sup>th</sup> and ran until March 20<sup>th</sup>. The initial feedback was positive; however, our sample size was relatively small, and that was intentional. Next steps involve analyzing the results from the pilot, including the employer feedback on their experience and ease of use, make any adjustments, and then expand the pilot further.

To take this a step further, in 2019 we began planning toward improving our voice of the customer system that will enable more timely feedback, drive improvement, and improve performance. The improved system will allow for better, more actionable data, and will provide business areas with more timely and relevant feedback at the various moments that matter along our customer journey. To test our ability to obtain more timely feedback, more recently we asked employers about their experience with the employer payroll statement process. This feedback will be analyzed and insights and quantitative data will be provided to our employer services team to improve this process.

We know that the longer injured workers rely on WCB support, the more likely they are to lose earning capacity and suffer other life disruption. We have a few indicators that help us understand how we are doing in restoring abilities, which are shown on this slide. Our persistency metric measures the percentage of workers that are still reliant on WCB earning loss benefits after six months. At the end of 2019, 16 ½ per cent of workers requiring wage loss benefits beyond six months, which is above our target of 11 per cent. This compares to 11.89 per cent at the end of 2018. Another measure we keep an eye on is how long it takes from the time we are notified of an injury to the time it takes to identify the need for additional services. In 2019, 70 per cent of claims had multidisciplinary assessments requested within 135 days. While these results were an improvement from the 2018 results in which 70 per cent of multidisciplinary assessments were requested within 139 days, it's still below our target of 70 per cent within 90 days.

Claims durations are the average amount of time missed because of a work injury and are an indicator of the timeliness of our claims processes and how well all the partners are working together to support the worker in their recovery and return to work. This includes employers, workers, unions, health care providers, and the WCB. Our durations were level throughout most of the year and average duration of claims in 2019 was 41.52 days, down slightly from 41.89 days in 2018. This was a smaller improvement from what we targeted for 2019. I am going to take a little bit of time here to explain a couple of initiatives that we worked on in 2019 that we expect will influence outcomes for workers.

The first is our claims intake process. The sooner a decision is made on a claim and acceptance, the sooner we can arrange for the necessary supports that the worker needs. We know that we have opportunities to improve the timeliness of our initial claim adjudication, which led to an improvement event in June of 2019. The concept coming out of the event was to develop a more proactive intake process where needed information was collected earlier on in the process. A team was established to develop an approach that would obtain medical confirmation, workers' injury information, and a clear confirmation up front, to facilitate more timely decisions. Our pilot launch in the second quarter of 2020, however, has been impacted by COVID. We are looking forward to moving this forward with more experimentation to see what we can learn from this.

We know that approximately 11 per cent of claims account for about 80 per cent of costs and that these claims are more complex in nature. To help us get better at handling these claims, we

have established a couple specialized units. Our extended services unit was established to provide face-to-face case management for fatalities and more serious injury claims such as occupational disease, quadriplegia, paraplegia, limb amputation, severe head injuries, or burns, as some examples. This unit equips workers with those more complex needs across a smaller staff complement who are more experienced and have an opportunity for more specialized training.

More recently we established a unit to handle psychological injury claims. We have seen the number of primary psychological injury claims increase from 329 in 2014 to 744 in 2019. This is a 126 per cent increase. These claims require a more specialized skillset, and a pilot of the psychological injuries unit began in the fall of 2019. The unit is now the first point of contact for workers with psychological injuries and is dedicated to and now adjudicates and manages all new primary psychological injuries. The objectives of this specialized units are to reduce wait times, improve outcomes for workers, and minimize case transfers. Preliminary results are promising. Workers told us that having to tell their story multiple times was a challenge, and having a dedicated unit to manage these files is a starting point to address this feedback. We have seen some improvements in the timeliness of adjudication with the time to adjudicate cumulative psychological injury claims decreasing from an average of 33 days before we had the unit in place to 23 days at the end of quarter one of this year. Access to care providers was also identified as a barrier and over the last year we are going to increase the number of accredited care providers available for injured workers. We expect to continue to see the number of psychological injury claims increasing moving forward and continue to further explore opportunities to expand our pool of accredited care providers.

More recently we hosted a psychological claims vision event in March of this year with our customers. The purpose of the event was to identify gaps in the psychological claims management process so that we can better prioritize our improvement efforts. The event brought together 30 participants representing injured workers, employers, and support organizations, and within the first responder community, over two days to hear customer stories, learn from others, and identify opportunities for improvement. This work will continue throughout the remainder of the year and we have several event participants who have volunteered to work with us on improvement. We recognize that a more significant change in how we approach disability management is required for us to realize the outcomes that we are looking for, and we have also begun planning for a claims transformation initiative. While a transformative initiative isn't going to result in immediate changes within the next six to twelve months, we will be laying out a plan that will be a little bit longer term, a three to five-year plan that will help us achieve

our future state.

This slide shows some of the quality and timeliness highlights from an employer perspective. Through the Committee of Review and voice of the customer engagements, employer representatives provided feedback that we should investigate the creation of an internal employer resource centre to address gaps in employer support and to better facilitate an employer's ability to navigate through the workers' compensation system. As a result, the Employer Resource Centre was created to provide just-in-time employer support, and the service publicly launched on September 3, 2019. The Employer Resource Centre helps employers answer questions about WCB coverage, provides guidance on injury prevention, educational material, and what to do when an injury happens, and provides additional support to help employers understand WCB requirements, assistance in filling out forms, and help with return to work.

The Employer Resource Centre webpage summarizes this information and includes links for employers to give tools to better navigate our system. It also provides a point of contact to answer questions and help connect employers with the right person. The number of calls to the resource centre continues to grow. When it was first launched in September, we were experiencing 59 calls and we have seen that growth by over 100 per cent. At the end of the year we were at 124 calls.

Another area to highlight is around employer registration. The time it takes to register employers for a WCB employer account improved from 26.5 per cent registered within five business days at the first quarter of 2019 to just under 80 per cent registered within the five business days by the end of 2019. We had some staffing challenges that impacted the results earlier on in the year, but we also worked with ISC to improve the quality of information received from them, to reduce waste within the process. We were finding that the vast majority of information sent from ISC was too early on in the process for an employer and they didn't need a WCB account yet at that time. We are currently working on improving the registration form online and we will have to gather more clear and relevant information from our customers as well.

The third thing I wanted to highlight here is employer payroll audit. Employer payroll audits are completed to reconcile reported payroll with the actual payroll, with the purpose of identifying any variances but also to educate employers. In 2019, of the audits that were completed, 67.6 per cent of them resulted in adjustments that were needed. 32.3 per cent of audits resulted in a credit adjustment, with the primary reason for a credit adjustment being that employers were

calculating assessable earnings incorrectly, particularly when it relates to the maximum assessable wage. We have taken steps to enhance the information available for employers regarding accurate payroll reporting and enhanced instructions were added to the online employer payroll statement reporting. And the surveys that I mentioned earlier connected to the employer payroll statement reporting also will include customer feedback that will help us adapt our approach and adjust our communication accordingly. 35.3 per cent of audits had debit adjustments in 2019 which were primarily related to subcontractor reporting errors. The remaining 32 per cent were audits in which no adjustments were made, indicating that those employers were reporting accurately. Accuracy of payroll reporting has been identified as a priority for 2020 as measured through payroll audits and you will be hearing more about this in the future. I will now turn it over Crystal Nett, our CFO, to provide financial highlights.

### **Crystal Nett**

Thank you, Jennifer, and good morning, everyone. As our chair mentioned in his remarks, the Workers' Compensation Board was in a fully funded position of 115.1 per cent as of December 31, 2019, and this is the same rate that it was in 2018. There was a significant improvement in the 2019 total comprehensive income, ending the year at 170 million compared to a total comprehensive loss of 154 million in 2018. Administrative costs at \$2,653 per one million dollars of assessable payroll places Saskatchewan Workers' Compensation Board as the second-lowest in Canada. At \$2,300 per one million of assessable payroll, Quebec is slightly lower than we are.

As you can see on this next slide, WCB's main source of revenue comes from premium revenue, and that is supplemented by investment income. The premium revenue is determined by industry payrolls and premium rates. In 2019, the premium revenue was 267 million, up 10.7 million or 4.2 per cent from 2018. Although the average premium rates decreased from \$1.19 to \$1.17 per 100 of assessable payroll, there was a 3.1 per cent increase over the 2018 payroll numbers. Assessable payrolls increased to a provisional 23.1 billion dollars from an actual 22.4 billion in 2018. This is a 10 per cent increase in five years. Comparatively, the 2015 payroll was 21 billion. As you can see, investment income is the other source of revenue, and this is made up of realized investment earnings which are from regular interest dividends and gains on the disposal of assets, but it also includes unrealized gain per losses when the fair market value of assets is greater or lesser than the cost of those assets. This is particularly relevant for 2020, and so we will speak to this in a few moments, but with volatility in the market in 2020 there will be an impact. Investment income in total, then, in 2019 was 277 million compared to a loss of 41.6 million in 2018. Within that 277 million it includes realized investment income of 115 million

and an increase in unrealized gains on investments of 162 million.

This next slide depicts the full picture of WCB's year-end, ending December 31, 2019, and as you can see, it is reflected in comparison to the 2019 budget and the 2018 actual results. I have already covered premiums and investment results, but will just provide a few other highlights. Total expenses in 2019 increased by 2 per cent or 6.9 million, going from 368.5 million in 2018 to 375.4 million in 2019. Claims costs comprise 75 per cent of total expenses in 2019 and account for more than 40 per cent of the overall increase in expenses, going from 278 million to 281 million. Claims costs include short-term wage loss, long-term earnings replacement, health care, vocational rehabilitation, claims administration, and the actuarial adjustment to the benefits liabilities. Administration costs increased by 2 million, going from 50 million in 2018 to 52 million in 2019. Within administration costs, salaries and benefits comprise 67 per cent of the overall expense and account for most of the increased administration costs at 1.8 million. The other most significant administration expenses were amortization which comprises 12 per cent of the overall administration expenses at approximately 8 million. Safety and prevention expenses increased by \$112,000 and include the cost of the Occupational Health & Safety program at the Ministry of Labour Relations and Workplace Safety as well as funding safety associations and WorkSafe Saskatchewan expenses.

On this final slide you can see that we have illustrated the total operating expenses and it shows the breakdown of expenses which as you can see are quite stable over time, and this is where you can see the depiction of the fact that our claims costs really are the most significant portion of the overall costs. Please note that the administration costs in this graph are net of self-insured and allocation to future benefits. I will now turn it back over to Phil who will walk you through the outlook.

### **Phil Germain**

This slide shows the budget that was developed without any expectation of an event like the pandemic and related state of an emergency that we are all experiencing. So rather than going through this slide in any detail, I have some updated projections that compare to the budget in a couple of slides. This slide goes through the assumptions that we built into the 2020 budget, such as a time loss injury of 1.6 per cent and employer assessable payrolls increasing by 4 per cent, etc., but we have got more information now that we will be able to provide a clear picture in a couple of slides. I think it's evident to all of us that there are many challenges that have surfaced in 2020, not only for WCB but for many employers and workers. Many of us have a new operating paradigm due to COVID, working from home, social distancing, negative impacts

on the economy including employer closures or layoffs, and for us we are no different in terms of the impacts and trying to work within this new operating paradigm internally and externally. The financial management of the organization with uncertainty around future premiums, claims costs, we know that COVID will have a negative impact on many claims due to the limited access to medical support for several weeks and limited opportunities for return to work due to business closures, reduced business hours or layoffs. These are all driving some claims upward. So, we are monitoring costs and cashflow on a regular basis to start to understand what the overall impact of COVID might be. And related to this is obviously market volatility. It's an ongoing concern. We have already experienced rapid significant declines in early 2020 in March and I don't think anybody has a crystal ball to try and understand what it's going to be like for the remainder of the year. While there has been some market recovery, will that continue or will we see another downward movement? It's just not clear and we are trying to be cautious about it all. But with challenges come opportunities.

We are going to continue to focus on the 2020 Strategic and Operational Plan. While things got delayed in March and April, it wasn't long into April that once we got our staff working effectively in a remote setting, we immediately turned our attention back to our 2020 strategic plans. We are going to continue to focus, as Jennifer indicated, on claims transformation, our IT transformation, our next generation of safety, and our employee experience. These are critical pillars of transforming the organization to meet the current and future demands of our customers. We know – and Jenn illustrated this – we know that 11 per cent of claims represent roughly 80 per cent of costs and 80 per cent of comp days, which tells us that there is a small percentage of claims that are challenging for all of us, for the workers, their families, for employers, for the WCB, for the health care providers. And while we have done a good job of what we call our current system, how we medically manage claims, we believe that through the claims transformation and IT transformation and our employee experience that there are different things that we can and maybe should be doing based on the experience of other jurisdictions and other organizations that we have learnt from, that could create better outcomes for workers, employers, working better with health care providers, to get better outcomes overall for everyone. So, that's the essence of what's wrapped up in, in those strategic initiatives.

Due to the COVID situation, we immediately started to look at different ways of supporting employers and injured workers. We removed interests and penalties from March until at least the end of July and we are constantly monitoring the economy and the impacts and talking to our customers and working with them as they try to, if some of them get back on their feet and try and monitor their own cashflow situations. The claims department immediately moved to

create a small team that was focussed on dealing with the COVID-related claims, a very experienced team, fortunately we have had a longstanding policy related to pandemic-related issues -- we learnt through SARS and H1N1 – that policy existed and we were able to utilize that policy immediately when COVID hit Saskatchewan.

The pandemic response has accelerated our own innovative thinking, and I am guessing for many employers. We were forced to learn in an environment and create new standards for service delivery that we had never experienced before. We figured out how to deal with training events virtually, customer consults virtually. And myself, I didn't know what Microsoft Teams and Zoom were four months ago. I knew that they were on my computer, but I had never used them. And now it's just the environment that I work in every day. It's just how things can change quickly, and sometimes for the better. We know, based on our response, that our staff and our management are resilient and are capable and willing and wanting change that better helps them serve their customers. We have created many different changes over the last several months that help our staff serve our customers and we have done a very good job of serving our customers through this period. And a lot of kudos need to go to our management staff and our customers for working through this together.

We know that IFRS 17 is still coming down the pipe. It's been delayed again, but it's eventually going to be here and that may have impacts on our funded position. We continue to work on stabilizing the investment returns by reducing risk to investment returns and risk overall in the portfolio. And to wrap this up, as Gord and others have talked about, you know, we are seeing an unstable investment environment. We are trying to reduce that risk and stabilize returns. We know we have seen a flattening of durations of claims, we have seen a flattening of injury prevention results, and we have noticed some reduced payroll in certain industries, and then we layer COVID on top of this. It is all putting pressure on the system and it may negatively impact premium rates – we don't know that right now – but we are not going to sit and wait for this. We are just not accepting status quo. We are continuing to work on our strategic initiatives related to claims prevention, IT, and our people, so we can positively impact those five areas of our True North: financial, quality and timeliness, safety, and people.

This next slide features kind of our updated thinking in terms of what our 2020 budget was based on those previous assumptions that we have shown and our current projections based on some new information that we have got. Overall, you can see that the slide shows that our revenue is likely going to be down around 21 million, our expenses overall might be down around 29 million, but our investments are likely to be down around 89 million. Based on our

current information we have these are kind of our best guessed estimates right now, which is a net loss of about 79 million in 2020 compared to what we thought was going to be a net income of about 1.4 million.

The next slide shows one of the significant areas, as Crystal said about 60 per cent, 65 per cent of our costs are staffing related. Another significant cost for us is our capital costs. The bulk of our capital costs are related to IT system development and computer assets. We budget around 3 to 4 million dollars a year for that. You can see in 2019 what we planned to spend and what we ultimately spent were significantly different, but there is good reason for that. In 2019 we completed a review of our risk management program, we did a complete review of our strategy deployment process, and as result we paused or stopped certain projects, including IT-related projects. And what we are trying to do through this is just get more focussed on where we are making our investments and why we are making those investments. Not to say that we won't continue to invest in our IT systems or capital projects, we are not saying that at all, it's just there was a significant amount of time spent in 2019 reviewing everything and as a result we just decided to put certain projects on pause, and there are a few that we have even decided not to move forward with.

We are currently going through a people process and technology review of IT which is ultimately going to lead us to a roadmap, a future state for IT, that is going to help us better enable the other transformations, claims transformation, next generation of prevention, and our people strategies, so that at the end of the day we can get to where we want to be where we are able to better serve our customers and create that better customer experience.

I want to wrap up my portion by thanking everyone for participating in our AGM to review the 2019 results. I sincerely appreciate your time and attention and support over 2019 and into 2020. And I will now turn it back to Gord for our wrap up and questions.

**Gord Dobrowolsky**

Thank you, Phil, Crystal, Kevin, Jennifer, and Ray, for providing your presentation to us this morning, for sure. Ladies and gentlemen, that wraps up the presentation portion of our AGM.